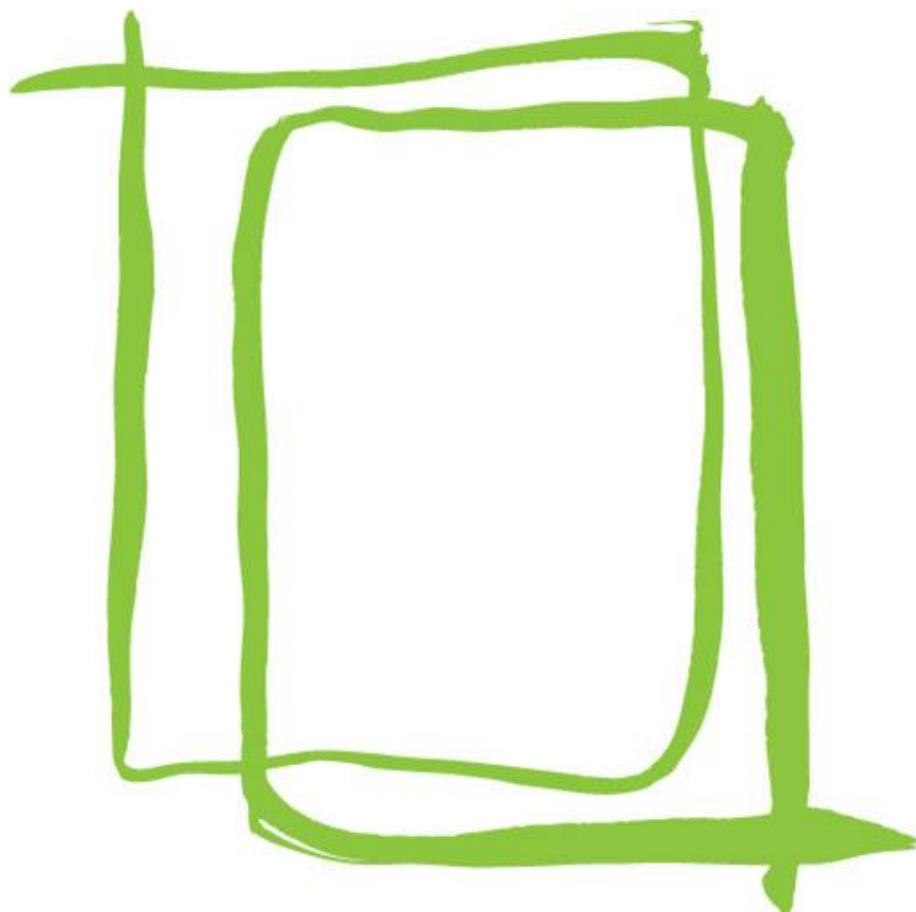


Use of Resources

Torridge District Council

Audit 2008/09

October 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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Summary and main findings

This report summarises our key findings from our assessment of how Torridge District Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people.

- 1 Three themes are assessed for Use of Resources (UoR):
 - managing finances;
 - governing the business; and
 - managing resources.
- 2 The Council achieved level 3 (performing well) for managing its finances and governing the business but was assessed as level two for managing resources, giving an overall score of 3.
- 3 The Council has made significant improvements in its arrangements for managing its use of resources in recent years. Areas of strength identified in the assessment include:
 - a robust approach to financial planning;
 - effective monitoring of financial and non-financial performance;
 - a proactive approach to Commissioning and procurement; and
 - effective data quality arrangements and effective use of information.
- 4 However, the Council did not achieve a level three for all of the Key Lines of Enquiry (KLOE). There are some areas where performance can be further improved:
 - strengthening financial reporting arrangements;
 - broadening the Council's governance arrangements;
 - expanding the Council's risk management and internal control assurance; and
 - strengthening workforce planning arrangements.
- 5 Pages 6 to 9 of this report provide a summary of performance against the three themes. Appendix 1 provides more detailed commentary against each Key Line of Enquiry (KLOE) and provides some examples of the next level of performance where the Council did not reach level three. The examples shown are not definitive and the Council should refer to the UoR guidance to assess its performance.

Introduction

- 6 In forming our scored use of resources judgements, we 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.
- 7 We 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.
- 8 From 2008/09, the use of resources assessment is more demanding than previous assessments. The KLOE are more broadly based than previously and embrace wider resource issues such as workforce planning and the use of natural resources. The KLOE focus more on value for money achievements, outputs and outcomes rather than on processes. As part of the continuing drive to improve standards the scoring arrangements have been adjusted so that to attain level two the Council must show that it has arrangements that are consistent with established professional practice and guidance, meet statutory requirements and operate effectively.
- 9 To achieve a level three, councils now need to demonstrate a higher standard of performance which includes the following:
 - operating consistently above minimum requirements;
 - demonstrating a forward-looking and proactive approach;
 - evidencing outputs and outcomes which demonstrate impact; and
 - effective partnership working.
- 10 This is a significant challenge and it follows that 2008/09 scores are not directly comparable with those for the previous year.
- 11 The Council's 2008/09 use of resources theme scores are shown in Table 2 below. The key findings and conclusions for the three themes, and the underlying KLOE, are summarised in Appendix 1.

Use of resources framework

- 12 From 2008/09, the new use of resources assessment forms part of the [Comprehensive Area Assessment \(CAA\)](#) and comprises three themes that focus on:
 - sound and strategic financial management;
 - strategic commissioning and good governance; and
 - the management of natural resources, assets and people.

Introduction

- 13 The scores for each theme are based on the scores reached by auditors on underlying KLOE. The KLOE are generic and applicable equally to all organisations subject to use of resources judgements under CAA. This promotes consistency, demonstrating all organisations within a CAA area are treated in the same way, and to the same standards.
- 14 The Commission specifies in its [annual work programme and fees document](#), which KLOE are assessed over the coming year.
- 15 Judgements have been made for each KLOE using the Commission's current four point scale from 1 to 4, with 4 being the highest, please see Table 1. Level 1 represents a failure to meet the minimum requirements at level 2.

Table 1 **Levels of performance**

Level 1	Does not meet minimum requirements – performs poorly
Level 2	Meets only minimum requirements – performs adequately
Level 3	Exceeds minimum requirements – performs well
Level 4	Significantly exceeds minimum requirements – performs excellently

Source: [use of resources framework: overall approach and KLOE document](#)

Use of resources judgements

Scored judgements

16 Torridge District Council's use of resources theme scores are shown in Table 2.

Table 2 Use of resources theme scores

Use of resources theme	Scored judgement
Managing finances How effectively does the organisation manage its finances to deliver value for money?	3
Governing the business How well does the organisation govern itself and commission services that provide value for money and deliver better outcomes for local people?	3
Managing resources How well does the organisation manage its natural resources, physical assets and people to meet current and future needs and deliver value for money?	2

Managing finances

- 17 The Council fully integrates financial and business planning. Consultation takes place on many levels and is used alongside rigorous challenge of service managers to ensure that all expenditure is justified and supports strategic objectives.
- 18 Consultation takes place on many levels and is used alongside rigorous challenging of service managers to ensure that all expenditure is justified and supports strategic objectives.
- 19 Feedback on services are received via 10/10 surveys that are collated and used to flex service delivery.
- 20 The Council has a very thorough and detailed understanding of its costs and performance in key business areas and for frontline services and uses an extremely effective quarterly business review to report performance and financial information against priorities. It can demonstrate real efficiencies and savings and is continuously looking for opportunities to improve still further.

Use of resources judgements

- 21 The council uses an extremely effective quarterly business review to report performance and financial information against priorities.
- 22 The Council's financial reporting is timely, reliable and provides members with key information for decision making.

Governing the business

- 23 The Council has a thorough understanding of local needs and places residents at the heart of everything it does. There is a sustained drive for excellence and an ethos of delivering value for money across the Council. Although there are some areas that still require improvement, the LEAN service reviews are already securing improvements that the public can recognise.
- 24 The Council puts emphasis on producing high quality performance reports, based on reliable data and using these to continuously drive improvement
- 25 The Vision and the goals of the Council are fully integrated with the Devon sustainable communities' strategy (SCS) and cascaded down through service plans from the Local Strategic Partnership (LSP) and corporate plan.
- 26 Ethics and behaviour are taken seriously by the Council and there has been extensive training on these issues for members. The leader leads the council on a non-party basis opting for the right person for the right job approach rather than relying on the leading party to provide leaders.
- 27 There are sound internal control arrangements and risk management is an integral part of the decision making and policy development processes.
- 28 Internal control framework is reported through the PP&R committee and the Annual Governance statement, challenge is offered internally and managers and portfolio holders are held accountable. The Council is considering the introduction of a stand alone audit committee to raise the profile of its assurance processes.

Managing resources

- 29 The Council is starting to make good progress and develop its workforce, but it is starting from a very low base. The Council lacked a workforce strategy until 2007 and a workforce plan until 2008. It is now making good progress implementing its plan and has produced an updated plan to address priorities for 2009/10. Diversity and equality issues within the workforce are beginning to be addressed.
- 30 Training needs have been identified and a programme is underway to provide training that both staff and managers need.
- 31 There has been a reduction in sickness absence as a result of specific training for managers and the Council can demonstrate that absence levels have decreased and that performance is now in the top quartile.
- 32 Over the last year the prospect of Local Government re-organisation (LGR) has caused some anxieties and uncertainty amongst staff, but the Council has worked hard to reassure staff and keep them fully informed of developments.

- 33 Although the Council understands the diversity profile of its workforce, there is no clear commitment to making any changes to address the low level of female managers. The only action is to provide equality training for staff which is not sufficient to address this issue.
- 34 The Council has achieved Equality standard level 2 but cannot yet meet level 3. It will, in future, assess itself against the new equality framework.

Detailed findings

- 35 The key findings and conclusions for the three themes, and the underlying KLOE, are summarised in Appendix 1.

Use of resources 2009/10

- 36 The key lines of enquiry specified for the assessment are set out in the Audit Commission's work programme and scales of fees 2009/10. Our work on use of resources informs our 2009/10 value for money conclusion. In our letter of 14 April 2009 about the audit fee for 2009/10, we did not identify any risks in relation to our value for money conclusion.
- 37 An additional KLOE, 3.1 - Natural resources will apply to District Councils for 2009/10. However, KLOE 3.3 - Workforce planning is not part of the programmed assessment.
- 38 Following the 2009 assessment, we have not identified any risks in relation to our value for money conclusion.
- 39 The 2009/10 Use of Resources assessment will operate to a revised timetable in 2010. The proposed dates are set out in Table 5 below. The work needed to arrive at our assessments will therefore be undertaken earlier in the year. We are proposing that fieldwork take place between January and March 2010. Although, self assessment is optional, we would encourage the Council to prepare some background information that will enable us to focus our work at key areas of the Council's arrangements. We will liaise with the Council's officers to enable any self-assessment to be focused on key areas of the overall assessment.

Table 3 2009/10 Use of Resources key dates

In 2009/10 Local Government will move towards an interim timetable for reporting.

	Existing timeline	New proposal LG moves to interim timeline
Area challenge		
EDC submission (indicative)	by 31 May	by 21 April 2010
LG area challenge meetings	22 June – 2 July	10 - 21 May 2010
National quality assurance		
EDC submission (final)	by 14 August	by 30 July 2010
NQA Process	24 August – 11 September	2 Aug – 27 August 2010

Audit Commission proposals

Appendix 1 – Use of resources key findings and conclusions

40 The following tables summarise the key findings and conclusions for each of the three Use of Resources themes.

KLOE 1.1 (financial planning)	Score 3
Key findings and conclusions	
<p>The Council has an extremely effective quarterly business review that details its progress against all key business objectives and targets including all key performance indicators, income collection and financial performance targets.</p> <p>The Council has delivered consistently against its budget for the last three years, in line with its financial plans. This has included exceeding its efficiency savings targets over the last three years.</p> <p>Consultation is undertaken with stakeholders through various methods, website, surveys, and attendance at events. The results of these consultations are summarised and used as part of the Council’s revenue and capital planning days, where managers present their own service plans and are accountable for their own budgets. Managers have been heavily involved with the member portfolio holders in compiling and scrutinising spending plans and are challenged on costs and performance and how corporate objectives are achieved.</p> <p>Outcome from consultation has also resulted in a strategic decision for the Council not to increase council tax in 2009/10. This is supported by levels of efficiency savings achieved and strategic use of reserves in line with policies and the shifting of resources through the financial planning process.</p> <p>Fees and charges, where discretionary, are considered against priorities, eg car park charges held for two years to reflect economic situation, this was a direct result of consultation with local communities.</p>	

Appendix 1 – Use of resources key findings and conclusions

KLOE 1.1 (financial planning)	Score 3
Key findings and conclusions	
<p>All priorities have been considered alongside service manager improvement bids and extensive consultation with stakeholders and partners. The medium term financial plan (MTFP) and budget reflect the revised priorities, examples include:</p> <ul style="list-style-type: none">• attracting £20 million of external funding over the last five years to support priorities identified through planning processes, such as Appledore which created 50 jobs in the local community;• a supported local fishing industry; and• the attraction of £3.2 million of external funding. <p>The budget is approved in a timely manner and flows from the medium term financial plan. Both documents clearly reflect:</p> <ul style="list-style-type: none">• the Council's objects as set out in the Corporate plan and the Local Strategic Partnership (LSP). Which have been updated to align with the Devon Sustainable Community strategy (DSCS);• the capital programme which in turn mirrors the corporate priorities and is considered alongside Revenue plans;• the Treasury management policy which was revisited following the Icelandic banks collapse, and clearly links with the Capital programme;• projected levels of balances and earmarked reserves;• savings plans which are set out, monitored and consistently delivered and clearly link with the Council's service review programme; and• all projects are costed and the planned finance is set out and affordable. Project plans were mapped out in two days of member/officer planning to challenge spending and plans. <p>Progress against the budget and MTFP is reported through the Quarterly Business review, which is now moving to monthly reporting. The Council has consulted with the Public through various events, a citizens panel, the Place survey, Area advisory committees and through user feedback from 10/10 surveys that are collated and used to flex service delivery. It has also co-ordinated a credit crunch forum to link to the annual business rates forum to gauge what is happening in the business community.</p> <p>Service performance continues to improve in most areas and customer satisfaction with services has increased over recent years.</p>	

KLOE 1.2 (understanding costs and achieving efficiencies) score	3
Key findings and conclusions	
<p>The Council has a very thorough and detailed understanding of its costs and performance in key business areas and for frontline services. It can demonstrate real efficiencies and savings and is continuously looking for opportunities to improve still further. Examples include:</p> <ul style="list-style-type: none"> • processing Housing Benefit claims which is now amongst the best performance nationally; • turnaround times for minor planning applications are now in the upper quartile; • waste collection costs are low, volume collected is falling and public satisfaction is amongst the best nationally; • there are some important regeneration outcomes - the Council provided £500,000 funding and will achieve an additional £3.2 million external investment to underpin existing fishing activity and create about 50 jobs; • zero rise in council tax in 2009/10 and lower than average increases in earlier years; • effective procurement has produced about £400,000 savings over the last three years; and • the Council has consistently exceeded Government efficiency targets. <p>The Council has moved beyond doing the basics of understanding costs, (which has been well evidenced in CPA in 2008 and in earlier years UoR assessments). It now demonstrates a thorough and detailed understanding of its costs, strengths and the areas that need improvement across all its key services. Where there are weaknesses, such as in planning, the reasons are known and are being addressed. Costs and performance are analysed over time in each quarterly business review report with a narrative for each business unit that shows a good understanding of trends and the reasons.</p> <p>Benchmarking is now embedded and is used to good effect to challenge performance. Costs and performance information is benchmarked across all services using a variety of sources such as CIPFA, SPARSE and Audit Commission databases. The Council also plays an active role in the Devon Improvement Group. Benchmarking is taken down to individual ward level and action is taken as a result. An example is the analysis of recycling rates and moves to improve performance in the worst streets. Another example is an examination of HB claims which do not meet processing targets to understand and eliminate delays.</p>	

Appendix 1 – Use of resources key findings and conclusions

KLOE 1.2 (understanding costs and achieving efficiencies) score	3
Key findings and conclusions	
<p>The Council uses unit costs where this is appropriate and bases decisions on robust information and on well prepared business cases. Capital bids are made and analysed in respect of whole life costing. Where more detailed work is needed such as reviewing the Leisure contract (which no longer meets public expectations) and providing a detailed options appraisal, consultants are only engaged where expertise cannot be provided within the Council and is subject to references and reports to overview and scrutiny committee.</p> <p>The 'Lean programme' of reviews has successfully brought together information on costs and performance and allowed the Council to make real efficiencies and improve performance in some key frontline services such as housing benefits and land charges. Other councils are turning to Torridge to learn how Lean reviews can help to improve services. Work that the Council has done using 'Lean' has been recognised across Devon and more widely, with several other councils visiting to learn how the programme works and what it has delivered already.</p> <p>The Council and Overview and Scrutiny committee have a clear understanding of costs and where efficiencies can be made. The Council has achieved a zero per cent rise in Council tax in 2009/10 without having to cut services and also achieved substantial savings. Overview and Scrutiny committee play a lead role in determining Revenue and Capital budgets, with bids for additional funding scrutinised and scored according to priorities.</p>	

KLOE 1.3 (financial reporting) score	2
Key findings and conclusions	
<p>The Council’s financial reporting is timely, reliable and provides members with key information for decision making. The Council’s monitoring of its financial performance is fully integrated within its performance reporting. Year-end projections clearly set out decisions taken with action plans that address areas of risk.</p> <p>Portfolio leads and budget holders compile their own reports and Portfolio Leads present these to PP&R committee. Accounts are prepared to the timetable and supported with good working papers and there were no material adjustments in 2008/09. Annual financial reporting is clear and available on the internet, the Council plans to produce an annual report for 2008/09. The Council, however, does not apply the principles of accruals accounting as part of its regular financial reporting. It also does not set out sensitivity and risk analysis in relation to financial reporting.</p> <p>The monitoring of the performance of key partnerships is not integrated within the Council’s own finance and performance monitoring reports. This would enable members, and other stakeholders, to see that Partnerships have delivered against the Council’s objectives. Regular financial reporting is an integral part of the Council's Quarterly Business Review (QBR) and incorporates:</p> <ul style="list-style-type: none"> ● the financial position and projected forecast; ● revenue, capital and service performance and is aligned with corporate objectives; and ● a clear narrative explaining the information and setting out any required actions. <p>Budget holders can access the financial systems and there are allocated accountants to assist service managers in the process. Managers have received training in using and understanding financial information.</p> <p>Financial accounts are prepared within the timeframe and provide a suitable foreword explaining the contents. Different formats and languages are available. Early discussions were held to prevent errors occurring in 2008/09, alongside other actions such as:</p> <ul style="list-style-type: none"> ● revising the Council's closedown programme to reflect increased resources within the Finance section; ● the appointment of a new Chief accountant in 2008/09; and ● changes to accounting guidance have been highlighted and discussed with the auditors. 	

Appendix 1 – Use of resources key findings and conclusions

KLOE 1.3 (financial reporting) score	2
Key findings and conclusions	
Examples of level 3 performance	
<p>The Council should have a good track record of producing financial accounts with very low levels of errors.</p>	
<p>The Council should produce a timely, good quality annual report that has been informed by good stakeholder engagement. Annual reports should include, for example, summary financial information, information on carbon footprint, performance information and future plans, and is accessible in a range of formats.</p>	
<p>The Council should be able to demonstrate regular monitoring of the performance of key partnerships which is integrated within the Council's and partner's own finance and performance monitoring reports. In particular this reporting should demonstrate that Partnerships have delivered against objectives.</p>	
<p>The Council's internal financial monitoring projections should incorporate techniques such as risk and sensitivity analysis. They should also demonstrate projected outturn scenarios.</p>	
<p>The Council should be able to equate its monthly finance reports to its statutory accounts format to aid consistent reporting between monthly reporting and year end reporting. Regular reporting should be accruals based, incorporate up to date capital accounting and the Council should use them to make the year-end closedown processes more efficient.</p>	
<p>The Council should be able to show that it has considered, and continues to consider, the implications of the introduction of International Financial Reporting Standards and has developed plans to implement them and briefed members and the PP&R Committee (Audit Committee).</p>	

Theme 2 - governing the business

KLOE 2.1 (commissioning and procurement) score	3
Key findings and conclusions	
<p>The Council understands local needs, is increasing quality, making services more accessible and securing savings. Procurement savings of around £400,000 have been secured over the last three years. It has worked with partners to deliver two major multi-million pound projects that are now clearly benefiting the local economy. Both projects (development of industrial units and a new fish processing dock) meet identified needs for the district, they are local priorities, meet objectives in the SCS and sustainable procurement criteria, were financed through partnerships and been delivered to a high standard. Both won national awards. Since completion one project alone has assisted 49 businesses with an aggregate turnover of £6.2 million. Eighty three jobs have been created and 79 safeguarded.</p> <p>The Council has an excellent understanding of local needs. It draws on a wide range of information and sources to understand needs at community, ward and parish level and responds to these. Putting the needs of the local population first is at the heart of what it does. Officers and Members share a common sense of purpose. Major developments are undertaken in response to identified local priorities such as sustaining the local fishing industry and providing accommodation for small businesses.</p> <p>Comprehensive procurement strategy and sustainable procurement guidance, which is being followed, are in place. The outcome is a good track record of securing savings including:</p> <ul style="list-style-type: none"> • outsourcing of grounds maintenance - £80,000 annual recurrent savings; • Leisure services contract review - re-negotiated contract savings of £60k per annum; and • introduction of purchasing cards, to reduce paperwork and increase accessibility of process (savings of £28 per transaction); and phones, switched to Orange making contract more flexible and reduction from £124k to £27k per annum. <p>Local communities are involved in commissioning decisions. A Citizen's panel is used to identify priorities and feed these into the commissioning and budget setting process. Consultation takes place on a regular basis across the district using venues that are easily accessed by people in this very rural area. Very effective use is made of customer feedback. Telephone customer satisfaction surveys for front line services are in place. Results through improved service can already be seen.</p>	

Appendix 1 – Use of resources key findings and conclusions

KLOE 2.1 (commissioning and procurement) score	3
Key findings and conclusions	
<p>'Lean' reviews are being used effectively to identify barriers and remove them. all frontline services subjected to review over the next 12 months Customer feedback within benefits is extremely positive and demonstrates how action has paid off. Even though now exceeding processing targets, strives to improve even further. Demand failure analysis is used, for example in housing benefits to identify reasons for delay and pursue a solution with the Pensions agency.</p> <p>The Lean review in Local Land Charges has resulted in responding far more quickly to searches and maintaining and beginning to increase income levels at a time when other councils are experiencing a reduction due to competition from the private sector.</p> <p>Economies of scale in back office functions through the development of shared services with North Devon District Council, such as HR, payroll and legal services are being negotiated. IM&T services are already shared with another Council.</p> <p>Effective work with partners such as the RDA, local businesses, the Primary Care Trust, to evaluate and commission services that respond to local needs. In this low wage, rural community the partnership investment to help local businesses in Appledore and to regenerate Bideford has been particularly important. The Council is a partner in an organisation which brings together the RDA, County Council and North Devon District Council that is overseeing the regeneration of three towns using a mix of local, national and EU funding. Significant benefits for local communities are being secured.</p> <p>The Council undertook a full evaluation and options appraisal for the £3m development of the new dock.</p>	

KLOE 2.2 (data quality and use of information) score	3
Key findings and conclusions	
<p>The Council performs very strongly with an emphasis on producing high quality performance reports, based on reliable data and using these to continuously drive improvement.</p> <p>The corporate assessment in 2008 found that performance management was strong and this has been further improved through incorporating LSP target monitoring in the regular performance reports.</p> <p>The Council's members provide robust challenge and call officers to account and as a result, services that were performing poorly like benefits and planning have been transformed and now perform strongly. The result is that performance against the Council's key priorities has continued to improve in 2008/09.</p> <p>Data quality is given a high priority with performance targets fed into the staff appraisal process and a robust framework in place. The Audit Commission's assessment for 2008 resulted in an overall assessment of level 3 performance. Level 3 score examples are:</p> <ul style="list-style-type: none"> ● the robust framework that is in place across the Council; ● importance accorded to DQ by all services and the arrangements for joint site reviews by internal audit - (re-cycling contract) and assurance that data provided by TARKA Housing following LSVT is subject to their own audit regimen; ● Accountability for DQ across the Council remains clearly defined and documented within the DQ Guidelines; ● DQ performance targets have been fed into the staff appraisal process which has operated this year; and ● DQ is fully integrated into planning, monitoring and reporting processes. <p>Comprehensive quarterly business monitoring reports are produced for each business unit and monthly KPI reports are used effectively by the management team to spot any variations against plans and take swift action. Monthly project reports are also produced showing progress against key objectives and targets.</p> <p>Each service has robust plans for improvement. These are monitored via the monthly Key Performance Indicators and quarterly business review process. The latest report shows that good progress is being made with the delivery of plans. Any identified under performance is addressed. Where plans are not on target a commentary explains the reasons for this and the action taken to get plans back on track.</p>	

Appendix 1 – Use of resources key findings and conclusions

KLOE 2.2 (data quality and use of information) score	3
Key findings and conclusions	
<p>Service managers are called to account each month and also each quarter to explain any variations and provide an update on performance. This ensures that they not only review their service data but have a thorough understanding of performance that enables them to respond to questions and challenge from members and the Chief Executive.</p> <p>Performance management information is being developed even further to mesh information with the priorities and action plan in the joint Sustainable Community Strategy. The first new style report was made available in July 2009 for Q1 data.</p> <p>Information is analysed at ward and community level to assist decision making and ensure that people in some of the most isolated and rural areas are not neglected.</p> <p>The Council manages data on systems with controlled and secure access. Controls are tested in all key systems and audits undertaken by Internal Audit. The Council's disaster recovery procedures are robust and similarly tested. The Council fully complies with all statutory requirements such as the Data protection Act, FOI etc.</p>	

<p>KLOE 2.3 (good governance) score</p>	<p>2</p>
<p>Key findings and conclusions</p>	
<p>The Council’s governance arrangements have been strengthened in recent years. It is evident from our review that the Council can demonstrate that:</p> <ul style="list-style-type: none"> ● Members understand the corporate vision and objectives and are clear about their contribution; ● manager’s and officer’s responsibilities are laid out clearly and both understand their respective roles; ● training needs are identified for both officers and members and these set the training programme for the Council; ● the Council’s approach is open and there are frequent interactions with stakeholders, consultation leads to actions, particularly around priorities and service improvements. The Council’s 10/10 surveys have led to improvements in waste disposal, leisure and Benefits; ● Ombudsman referrals have resulted in no reports issued against the Council in 2008/09; ● training has been run for parish and town councils and the Council maintains strong links with these; and ● partnership performance and outcomes are reported as part the QBR. <p>The Council’s governance arrangements are not clearly cascaded into its key partnerships and the Council is unable to demonstrate that members of the partnerships are as accountable as the Council’s own staff.</p> <p>The Council does not measure and monitor the impact that ethics training has had on behaviours, or how well understood the training was by members and officers.</p> <p>The Council has not yet achieved Charter status for member development.</p> <p>Members and officers work in tandem to achieve the Council’s objectives. The Council is Conservative led, however the key roles such as Committee chairs and portfolio holders are selected for the skills they have and their ability to deliver the role and add value. The Council has positive and strong leadership from both the Leader and Chief Executive. CPA reported that “The Corporate Management Team works effectively in this environment, with a productive working relationship between managers”.</p> <p>There is a strong culture of learning and improvement with a members training programme that has seen the number of ombudsman referrals decrease. This programme has also been rolled out to parish and town councils.</p>	

Appendix 1 – Use of resources key findings and conclusions

KLOE 2.3 (good governance) score	2
Key findings and conclusions	
<p>Roles and delegation arrangements are set out in the constitution, which is reviewed annually. Training on behaviours is given to new staff as part of induction, members receive their training on election, and external trainers are used. All members and staff receive appraisal and have development plans set. Training for members has been intense over the last two years as nearly two thirds of the Council were new, take up has been high and feedback has been positive.</p> <p>The Council has undertaken extensive consultation with many different groups. The vision and the goals are fully integrated with the Devon sustainable communities' strategy and are cascaded through service plans into the LSP and corporate plan. Quarterly, and now monthly, reporting is against the key priorities and actions as part of the QBR. The Leader and Chief Executive work well together and provide strong direction and accountability. The Leader is open and acknowledges the fact that he does not have a majority, key roles are allocated across the parties. Both staff and members acknowledge “empowerment” from the top and are clear on the direction of the Council. Each service manager presents a “know your service” briefing to members outlining how the service plans support the Council’s vision and goals.</p> <p>Training to members on Ethics and behaviour was attended 100 per cent. All the required codes of conduct are in place and registers of Interests and gifts and hospitality, for members and officers, are maintained. Reminders are sent twice a year. Complaints procedure is set out on the web and is easily found. The Council investigates standards complaints and this has decreased.</p>	

Examples of level 3 performance

The Council is able to demonstrate that the training provided to members and senior officers, around their roles and responsibilities, has had an impact. This includes post training evaluation to ensure objectives achieved and on-going development of training programmes to ensure that they remain relevant.

The Council undertakes surveys to demonstrate that there is a high level of awareness of governance.

The Council has achieved the charter status for member development.

The Council undertakes member and officer surveys to demonstrate that there are excellent working relationships across the Council, this would also show that the Council's purpose, vision and objectives are owned by members and officers.

The Council uses technology to ensure that corporate codes and policies are understood by all employees of the Council. This includes on-line acceptance of codes and policies and on-line testing of changes to codes and policies to ensure fully understood.

The Council can demonstrate corporate ownership of the Nolan seven principles of public life, through use of training programmes, surveys and demonstrating through day to day business.

The Council communicates to local communities and stakeholders the importance of standards in public life and compliance with those to instil confidence in dealings with the Council.

The Council's standards committee has a forward work plan and seeks feedback in terms of effectiveness, for example when dealing with complaints.

The Council can show that strong governance arrangements exist around partnerships this includes evidence that the Council promotes compliance with its codes, policies and ethics. The Council reviews partnerships to ensure that they deliver against objectives and achieve value for money.

Appendix 1 – Use of resources key findings and conclusions

KLOE 2.4 (risk management and internal control) score	2
Key findings and conclusions	
<p>Although the Council does not have a stand alone audit committee, the Council's PP&R committee currently meets the basic requirements for an audit committee, In order to develop and improve the audit committee role, the Council needs to demonstrate that the audit committee function performed by its PP&R committee is focused on the core objectives of an audit committee, this could include, regular training, challenging the assurance framework throughout the year, understanding the roles of other committees, regular assessment of the effectiveness of audit, and developing plans to strengthen performance. Audit committee business forms a separate part of the PP&R committee agenda and all audit reports are made available to all members.</p> <p>The Annual Governance Statement (AGS) is presented to Overview and Scrutiny before progressing to PP&R. All assurances are made available to both committees. The resultant AGS is presented to PP&R for approval with the Council's statement of accounts.</p> <p>The Council has a lead member for risk and a risk working group, this promotes the awareness of risk as an important element of service and project delivery. However, the Council is not yet able to demonstrate that its risk management arrangements have made a difference, for example, how the risk profile of the organisation has reduced over a period of time.</p> <p>The Council has robust strategies for fraud and corruption and Whistleblowing and reports fraud activity to PP&R committee. The Council publicises fraud investigation eg National Fraud Initiative (NFI) and Benefits. Compliance is monitored by internal audit and any non-compliance with these and the financial and contract procedures are investigated. Any benefit fraud activity is followed up and proven cases prosecuted and publicised, quarterly benefits bulletin is produced for Revenues Manager. Benefits fraud hotline is in place and advertised on posters, leaflets, website, etc. Investigation officers are fully trained in PACE and RIPA. Information is shared with DWP on a regular basis. NFI outcomes are promptly. However, the Council's arrangements to combat fraud and corruption focus on housing benefits. There is little proactive work or assessment beyond housing benefits. The Council could expand work in this area by running fraud awareness days, on-line testing of understanding of whistle blowing, proactive fraud plan built up from a risk assessment of the organisations activities. However, the Council does have a specific risk register for fraud, there is a zero tolerance approach to investigating potential fraud and the Council issues newsletters publicising the results of the National Fraud Initiative (NFI).</p>	

Examples of level 3 performance

The Council can demonstrate that its risk management arrangements have made a difference, for example, the risk profile of the Council has reduced over a period of time and the likelihood of risks occurring is reducing as a result of the Council's actions.

The Council can demonstrate an 'appetite' for risk that has moved away from the traditional approach to risk identification and management. This involves taking on degrees of risk with confidence that they can be managed through the Council's assurance framework – this approach is evidenced through for example, risk committees, audit committees in terms of process and assurances and through decision making committees and management teams in terms of understanding and application.

The Council's PP&R (Audit Committee) can show that it provides rigorous reviews of the Annual Governance Statement (AGS), this is backed up by assurances during the year in terms of the assurance framework eg controls, business continuity plans, viability of significant contractors, delivery of key services. The Council's PP&R Committee (Audit Committee) can demonstrate that it considers assurance through the year not just as a year end exercise.

The Council can demonstrate that the AGS has made a difference in terms of strengthening internal control and communicating to stakeholders that the control and governance arrangements are effective, thereby instilling confidence. This is achieved by routine monitoring of the action plan in the AGS and reviewing action taken on the recommendations in reports from audit, inspection and external reviews.

The Council take a proactive approach to 'counter fraud' that extends beyond housing benefits, this includes fraud awareness days, on-line testing of the understanding of whistle blowing and anti fraud and corruption policies and a proactive fraud plan built up from a risk assessment of the Council activities;

The Council can demonstrate that this proactive approach to managing fraud has made a difference, eg through levels of prosecutions, levels of savings, reduced incidents and increased awareness.

The Council can demonstrate that arrangements to fulfil the responsibilities of an audit committee go beyond the basic requirements. This would include regular training, challenging the assurance framework, understanding the roles of other committees, assessing the effectiveness of audit, carrying out annual reviews of the effectiveness of the committee and developing plans to strengthen performance.

Appendix 1 – Use of resources key findings and conclusions

Theme 3 - managing resources

KLOE 3.3 (workforce planning)	2
Key findings and conclusions	
<p>The Council is starting to make good progress and develop its workforce, but it is starting from a very low base. The Council lacked a workforce strategy until 2007 and a workforce plan until 2008. It is now making good progress implementing its plan and has produced an updated plan to address priorities for 2009/10. Diversity and equality issues within the workforce are beginning to be addressed.</p> <p>The Council has a clear, concise and workforce strategy which was produced in 2007 this is supported by a detailed workforce assessment plans which provides a systematic assessment of the workforce and the skills and capacity gaps across all the Council's business units.</p> <p>A refreshed plan has just been produced identifying priorities for 2009/10.and the Council is now entering the third phase of its strategy which is focusing on developing its workforce. This sets the Council on the right path, but as measures are only in the process of being implemented.</p> <p>Managers are being encouraged to pursue development and gain professional qualifications, but the benefits for the Council cannot be demonstrated yet. Training needs have been identified and a programme is underway to provide training that both staff and managers need.</p> <p>There has been a reduction in sickness absence as a result of training for managers and the Council can demonstrate that absence levels have decreased and that performance is now in the top quartile. Some services such as benefits are also now performing far better.</p> <p>The 2009/10 plan states: 'Job evaluation has confirmed the level of qualification needed for the job. In many instances staff do not possess those qualifications. At worst, staff may still not be formally equipped/qualified to do the job for which they are being paid.'</p>	

KLOE 3.3 (workforce planning)	2
Key findings and conclusions	
<p>Over the last year the prospect of Local Government re-organisation (LGR) has caused some anxieties and uncertainty amongst staff, but the Council has worked hard to reassure staff and keep them fully informed of developments. The Council takes account of the views of staff and reports on the results of the annual staff survey. In spite of LGR uncertainties, the latest staff survey shows some overall improvement. However, the report to committee was relatively complacent about the questions where satisfaction was below average and there was no commitment to making any changes as a result. The Council is pursuing IIP accreditation and hopes to achieve this in October 2009. It is also investing in the health of its workforce and has introduced incentives such as discounted gym membership and flexible working to assist. However, pay progression is simply linked to adequate performance and there is no added incentive or reward scheme in place to recognise exceptional personal or team performance.</p> <p>Although the Council understands the diversity profile of its workforce, there is no clear commitment to making any changes to address the low level of female managers. The only action is to provide equality training for staff which is not sufficient to address this issue. The new 2009/10 plan acknowledges that the Council still has more to do in this areas and states: 'Torridge will not become an excellent authority until such time as diversity is fully embraced at all levels and given a much greater prominence when determining priorities'. The Council has achieved Equality standard level 2 but cannot yet meet level 3. It will now assess against the new Equality framework.</p>	

Appendix 1 – Use of resources key findings and conclusions

Examples of level 3 performance

The Council can show that the implementation of its workforce plans have helped to deliver on corporate strategic priorities. Including the measuring, monitoring and reporting the results of the actions in the plan.

The Council can identify and measure the tangible benefits that customers recognise across all services such as reduced costs, more efficient and better integrated services.

The Council routinely benchmarks staff costs and action is taken as a result of findings.

Where the Council considers options for its workforce planning, these options include shared services.

The Council can demonstrate that its training strategy takes account of all training needs, the training and development plans are being delivered and the Council can demonstrate improvements in the skills profile of the workforce as a result of the programme.

The Council can demonstrate that its flexible working arrangements have benefited both the Council and individuals in terms of retention, development and staff satisfaction – this is evidenced through employee attitude surveys.

The Council has achieved Investors in People accreditation and receives good assessment reports.

The Council undertakes and uses a regular employee attitude survey that provides evidence of continued improvements in workforce issues. The Council captures these results and uses these to inform on-going actions to further improve staff satisfaction. These actions are then captured in plans and filtered down through to individual employee objectives.

The Council has achieved level 3 or above on the current equality standard, and the Council is proactive in adopting the new equality framework.

The Council can demonstrate that their commitment to developing a diverse workforce has made a difference in terms of, for example the profile of the workforce.

The Council undertakes regular briefings to staff on work force issues and that these have made a difference to staff, this is evidenced through attitude surveys.

The Audit Commission

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