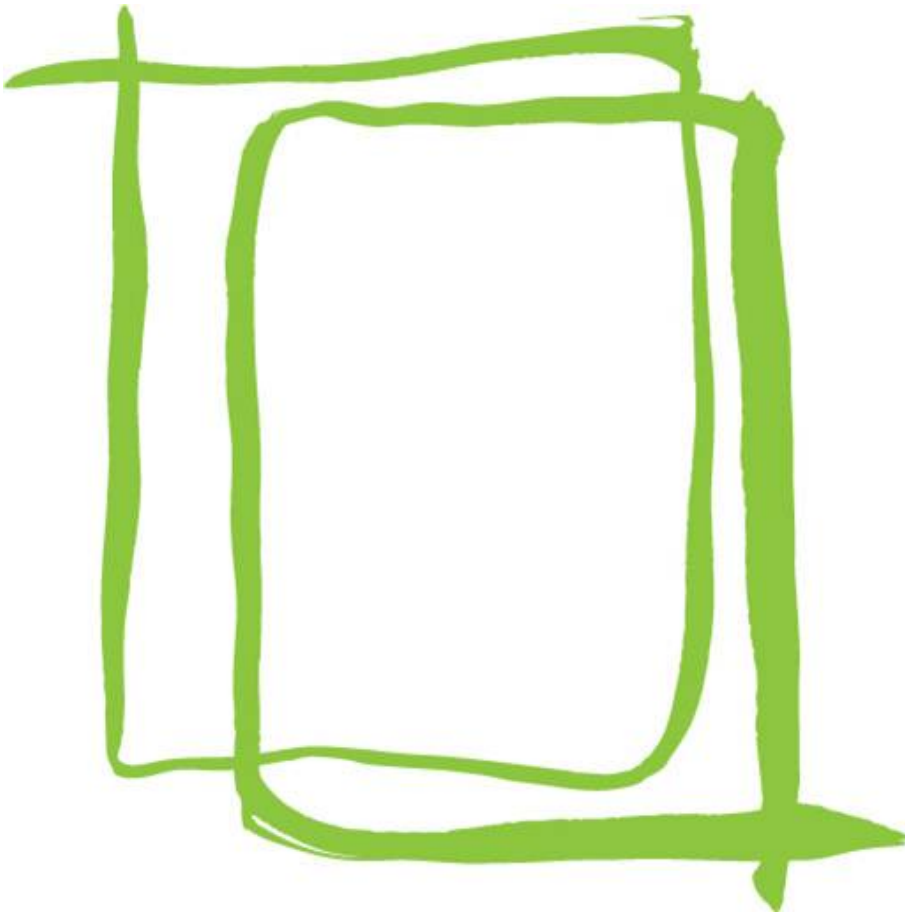


Use of Resources

Uttlesford District Council

Audit 2008/09

January 2010



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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

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

- 1** Uttlesford District Council has adequate arrangements overall for the use of resources. The arrangements in each of the themes assess are adequate, but within themes there are areas where arrangements need to be improved.
- 2** Our detailed findings are in Appendix 1. Initially, the Council needs to address areas scored as level 1, but we acknowledge that work is currently underway in all these areas.
- 3** The Council has adequate arrangements for managing finances. There are effective arrangements for financial planning, budget monitoring and statutory financial reporting. The Council has improved its management of costs and budgets and has revised its medium term financial strategy, so that it reflects agreed priorities. The Council set a balanced budget in 2009/10 and achieved a small underspend in 2008/09. There is however further work required to develop a better understanding of costs and improve budget management arrangements.
- 4** The Council has adequate arrangements for governing the business. The Council's vision for services is clear through its corporate and service planning. Governance arrangements are in place, however weaknesses in risk management arrangements and understanding and evaluating procurement options were identified. Further improvement opportunities also exist in ensuring data security.
- 5** The Council had adequate arrangements for managing resources. The Council has identified key people management goals and has managed its staff well through organisational changes. It has strengthened performance management and has an effective approach to underperformance. Although the Council has a productive workforce and some HR policies, it has no formal workforce plan.

Introduction

- 6 This report sets out our conclusions on how well Uttlesford District Council is managing and using its resources to deliver value for money, and better and sustainable outcomes for local people, and give scored use of resources theme judgements.
- 7 In forming our scored theme judgements, we have followed the methodology set out in the [use of resources framework: overall approach and key lines of enquiry \(KLOE\) document](#) and the use of resources [auditor guidance](#). For each of the specific risks identified in relation to our use of resources work, which were set out in our audit plan, we considered the arrangements put in place by Uttlesford District Council to mitigate the risk and plan our work accordingly. This work is now complete.

Use of resources framework

- 8 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.
- 9 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.
- 10 The Commission specifies in its [annual work programme and fees document](#), which KLOE are assessed over the coming year.
- 11 Judgements have been made for each KLOE using the Commission's current four point scale from 1 to 4, detailed in Table 1, with 4 being the highest. 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

12 Uttlesford 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
<p>Managing finances How effectively does the organisation manage its finances to deliver value for money?</p>	2
<p>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?</p>	2
<p>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?</p>	2

Managing Finances

- 13 The Council has shown signs of improvement over the 2008 assessment in terms of integrating financial planning with strategic and service planning processes. A new financial strategy is in place which is a clear improvement on the one used in prior years, and the financial challenges facing the Council in the medium term have been identified. Financial standing in the short to medium term is reasonable; with the Council setting a balanced budget in 2009/10 and achieving an underspend in 2008/09. The savings targets for the next five years are challenging however, and the Council is fully aware of this and is investigating ways in which to achieve the targets.
- 14 The Council does not yet have a sound understanding of its costs and performance.
- 15 Budget monitoring arrangements are adequate and allow for action to be taken where adverse variances arise, however the Council acknowledged that a more robust challenge process was needed and has implemented a new budget reporting system to ensure budget variances are reviewed and challenged and resulting actions are dealt with appropriately and in a timely fashion.

- 16** The commitment by both the finance team in terms of producing a timely and good set of accounts, complete with comprehensive working papers, as well as by members for their robust challenge and commitment to the financial statements is a significant improvement over prior years. The annual accounts contained only one material error, and were approved in accordance with statutory deadlines. The latest accounts and annual audit and inspection letter are available on the Council's website and accessible formats are used to publish information.
- 17** A treasury management policy and strategy is in place, in line with CIPFA guidance, that clearly outlines the bodies where investments can be made. Although the Council invested in Icelandic banks in 2007, their overall treasury management strategy is sound.

Recommendations

- R1** Further develop cost and performance information to gain a clear understanding of the linkage between the two and enable more effective decision making.
- R2** Investigate options available for achieving the required medium term savings, ensuring they are sustainable and appropriate procurement expertise is in place.

Governing the Business

- 18** The Council's vision for services is clear through its corporate planning and service planning. The approach to procuring and commissioning services in support of this direction is however underdeveloped. The Council recognises its weaknesses and has already delivered a procurement diagnostic through Improvement East funding.
- 19** There are adequate arrangements in place in respect of data quality with performance clearly monitored against priority indicators. There are concerns over data security and related business continuity due to the lack of off-site backups at the time of review. Processes are in place to rectify this in future years.
- 20** The Council has adopted and promotes the principles of good governance and training is provided to members. The Council has a clear purpose and vision and is committed to achieving this goal. It demonstrates a strong ethical commitment through its Standards Committee, information about which can be found on the website along with whistleblowing policies and how to make a complaint. Governance arrangements are in place for significant partnerships.
- 21** The system of internal control is effective and is supported by an internal audit unit with scrutiny through the Performance Select Committee. Risk management arrangements are in place but are considered weak. The operational risk registers are not considered by the Council to be effective and a complete overhaul of the risk management framework is due to take place in the next year.

Use of resources judgements

Recommendations

- R3** Further develop a strategic approach to procurement.
- R4** Continue to improve data security and business continuity arrangements.
- R5** Improve risk management arrangements, ensuring that operational risk registers are better focussed and feed into the corporate risk register to inform the Medium Term Financial Strategy and Corporate Plan.

Managing Resources

- 22** The Council has a productive and skilled workforce. Survey results show that staff satisfaction is high and sickness levels are low compared with other councils. A new performance system is now in place for all staff, including clearer targets and assessment of performance alongside newly developed values and behaviours. The Council recognises the need for a workforce strategy to consider its workforce in terms of its longer strategy vision and corporate objectives. The Council has secured partnership support from Essex County Council to improve this area of weakness.
- 23** The Council has identified key people management goals and has managed its staff well through organisational changes. Staff are well supported and although there have been a number of changes and redundancies, staff satisfaction levels are positive.
- 24** The Council has well established people management policies and practices in place, including diversity. It has access to strategic HR advice through its partnership with Essex County Council and has reached Level 2 of the Equality Standard, and diversity considerations are written into service plans and committee reports.

Recommendation

- R6** Continue to develop the identification of skills gaps at the Council, supported by a workforce strategy to identify staff requirements in the medium to long term.

Detailed findings

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

Next steps

- 26** In a number of areas the Council has demonstrated that it has the basic arrangements in place. Where level 2 performance has been reached, the Council should continue to ensure arrangements are in place and identify the impact that its arrangements provide in terms of measurable outcomes for local residents.

27 Where the Council is not yet achieving level 2 performance, the key findings set out above and at Appendix 1, together with the recommendations, set out the key areas where improvement is needed. The key areas for improvement concern the Council's arrangements for:

- understanding costs and performance;
- commissioning and procurement; and
- risk management.

28 The Council achieved a level 1 score for asset management in the 2007/08 assessment, and therefore was reassessed in 2008/09 in addition to the eight other KLOEs specified by the Audit Commission.

29 Our work identified that:

- the weaknesses that existed in 2007/08 still exist in 2008/09;
- there is no current corporate capital strategy linked to priorities, the MTFS and a detailed asset management plan;
- the Council maintains its asset register on a spreadsheet that is only updated at year end and does not contain sufficient detail; and
- there is no member group specifically responsible for asset management.

Recommendations

R7 Demonstrate that the Council's arrangements continue to be in place and provide, where possible, clear and measurable outcomes in terms of its use of resources.

R8 Ensure arrangements are put in place for the Council to effectively manage its asset base.

Use of resources 2009/10

30 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. My work on use of resources informs my 2009/10 value for money conclusion. In my letter of 20 April 2009 about the audit fee for 2009/10, I identified a number of significant risks in relation to my value for money conclusion. For each risk, I consider the arrangements put in place by the Council to mitigate the risk and plan my work accordingly.

Table 3 Initial risk assessment

Risk	Planned work	Timing of work
Asset management was scored as a '1' in the 2008 UoR assessment and VFM conclusion review.	The Council recognises that this position has not significantly changed for 2008/09 from that in 2007/08, as highlighted above. Therefore, we will undertake the minimum review necessary of the asset management KLoE in the 2010 UoR assessment to enable us to support the VFM conclusion.	April 2009 - September 2009
Significant budget pressures identified in the 2007/08 and 2008/09 budgets and also predicted for 2009/10.	We will conduct ongoing reviews of the Council's financial management arrangements and follow up on our assessment of the Council's budget preparation process.	April 2009 - March 2010
Risk management arrangements are still to be fully embedded.	Developing area which would benefit from early review and identification of good practice.	April 2009 - March 2010
Health inequalities	We will follow up the actions taken and progress made on the health inequalities work carried out previously across Essex.	January 2010 - April 2010
Procurement also identified through UoR as an area for improvement.	We will monitor the work being undertaken through the Voluntary Improvement group.	April 2009 - March 2010

- 31** An additional KLOE, 3.1 - Natural resources will apply to District Councils for 2009/10. However, KLOE 3.3 - Workforce planning will not be assessed. I have also considered any additional risks arising from my 2008/09 value for money conclusion.
- 32** I have identified the following additional risks in relation to my value for money conclusion:

Table 4 Additional risks

Risk	Planned work	Timing of work
Understanding of costs and achieving efficiencies was identified through Use of Resources as being an area for improvement.	We will revisit this KLOE as part of the 2010 Use of Resources work.	January 2010 - April 2010

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.

Table 5 Theme 1 - managing finances

Theme 1 score	2
<p>How effectively does the organisation manage its finances to deliver value for money? Key findings and conclusions</p> <p>The Council has shown signs of improvement over the 2008 assessment in terms of integrating financial planning with strategic and service planning processes. A new financial strategy is in place which is a clear improvement on the one used in prior years, and the financial challenges facing the Council in the medium term have been identified. Financial standing in the short to medium term is reasonable; with the Council setting a balanced budget in 2009/10 and achieving an underspend in 2008/09. The savings targets for the next five years are challenging however, and the Council is fully aware of this and is investigating ways in which to achieve the targets.</p> <p>The Council does not yet have a sound understanding of its costs and performance.</p> <p>Budget monitoring arrangements are adequate and allow for action to be taken where adverse variances arise, however the Council acknowledges that a more robust challenge process needs to be put in place to ensure budget variances are reviewed and resulting actions are dealt with appropriately and in a timely fashion.</p> <p>The commitment by both the finance team in terms of producing a timely and good set of accounts, complete with comprehensive working papers, as well as by members for their robust challenge and commitment to the financial statements is a significant improvement over prior years. The annual accounts contained only one material error, and were approved in accordance with statutory deadlines. The latest accounts and annual audit and inspection letter are available on the Council's website and accessible formats are used to publish information.</p> <p>A treasury management policy and strategy is in place, in line with CIPFA guidance, that clearly outlines the bodies where investments can be made. Although the Council invested in Icelandic banks, the overall treasury management strategy is sound.</p>	

KLOE 1.1 (financial planning)	2
<p>Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health, in that it:</p> <ul style="list-style-type: none"> • integrates financial planning with strategic and service planning processes on a medium to long-term basis; • engages local communities and other stakeholders in the financial planning process; • manages spending within available resources and is financially sound over the medium term; and • recognises individual and collective responsibilities for financial management and values and develops financial skills. 	
<p>Key findings and conclusions</p> <p>The business and financial planning of the Council are better linked this year, with the Council producing a new and improved Medium Term Financial Strategy (MTFS) which feeds from the Corporate Plan and budget process. The MTFS explains how financial resources are used to support the corporate priorities in the Corporate Plan, and these resources complete with associated budgeted spend are projected over a five year period. The Council has recognised the challenging savings targets needed over the next five years and are in the process of determining which courses of action to take, to achieve the level of savings required. There are links from the MTFS to corporate risks, however risk management still needs to be further improved, ensuring that any associated risks to the Council's financial position and delivery of priorities are fully considered.</p> <p>There has been a consultation exercise carried out to inform the revision of the Corporate Plan and related priorities. A number of other consultations with stakeholders have taken place including consultation with housing tenants as part of developing the HRA budget as well as operating two community forums which provides opportunities for members of the public to engage directly with the Council. These have been well received and although outcomes from these consultations are limited, we recognise that this level of interaction with the public is a step in the right direction.</p> <p>All items in the MTFS are risk assessed and feed into the annual budget. A balanced budget has been set for 2009/10 and the Council achieved a balanced budget in 2008/09. There is close monitoring of budget versus outturn throughout the year to ensure that the budget is delivered within the allocated resources. The policy for reserves and balances is based on a reasonable assessment of needs and risks which is clearly reported to members in the MTFS. The minimum level of reserves is a built in consideration of the MTFS and is used to ensure financial sustainability and stability going forwards. A treasury management policy and strategy is in place, in line with CIPFA guidance, that clearly outlines the bodies where investments can be made. Although the Council invested in Icelandic banks, their overall treasury management strategy is sound and has been updated in response to the Icelandic bank collapse.</p> <p>The Council are investigating practical solutions in the area of partnership working with the aim of managing their finances better and remaining financially sound over the medium term. The results of this investigation are still pending and therefore do not form part of this review, however it does highlight the fact that the Council is actively exploring other avenues of managing spend in the medium term.</p> <p>Financial monitoring is carried out at appropriate levels in the Council with responsibility clearly defined in the Financial Regulations. There is an Audit Committee equivalent in place (Performance Select Committee) which receives all internal and external audit reports and provides adequate challenge where appropriate. Heads of Service drive the needs assessment which is eventually built into the budget and MTFS. There is a clear line of professional accountability between finance, the chief financial officer and services to ensure compliance with professional standards and objectivity.</p>	

Appendix 1 – Use of resources key findings and conclusions

KLOE 1.2 (understanding costs and achieving efficiencies)	1
<p>Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities, in that it:</p> <ul style="list-style-type: none">• understands its costs, including whole life, transaction and unit costs, the main factors that influence these and how they link to performance;• takes account of this understanding of its costs and performance in decision making and commissioning; and• identifies the scope for making efficiencies and is on track to achieve planned efficiencies.	
<p>Key findings and conclusions</p> <p>The Council has only just begun to develop its understanding of costs and performance. It has used national performance measures to save money in services such as waste collection, but it does not routinely compare its costs or performance with other Councils.</p> <p>Cost and performance information are not reported together so it is difficult for the Council to track the effect reducing or increasing service budgets has on a service. The Council plans to include this in service planning in future years.</p> <p>Short term efficiencies are identified through the MTFS, and the Council is on target to achieve these through recent structural changes and vacancy management. However longer term efficiencies of £1.3 million by 2013/14, through partnership working and shared services, are not supported by clear planning although are identified as areas for focus in its MTFS. While the Council is planning well ahead, without this detailed planning it is difficult to see how it will achieve such large savings.</p>	

KLOE 1.3 (financial reporting)	2
<p>Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people, in that it:</p> <ul style="list-style-type: none"> • produces relevant, timely and reliable financial monitoring and forecasting information; • uses financial and related performance information to monitor performance during the year; • produces financial reports that are clear, relevant and concise to support strategic decision making; • prepares accounts that meet statutory requirements, financial reporting standards and present fairly, or give a true and fair view of, the financial performance and position; and • publishes reports that provide an objective, balanced and understandable assessment of the organisation's performance in the year. 	
<p>Key findings and conclusions</p> <p>Budget monitoring information is shared monthly with budget holders, Members and Senior Management Board (SMB) in a timely manner. However no formal process is in place for Members and SMB to act upon this information. The Council acknowledge that a more robust challenge process needs to be put in place to ensure budget variances are reviewed and resulting actions are dealt with appropriately and in a timely fashion. Processes are already in place to strengthen this in 2009/10.</p> <p>Whilst there is no linked report, financial and performance information is reviewed by both management and members on at least a quarterly basis. Performance data is collated and reported at national, corporate and service levels. The majority of indicators are monitored on a quarterly basis. Annual benchmarking activities are completed and reported for district quartile and comparative SPARSE authority indicator data. The Council puts emphasis on the SPARSE benchmarking process, and uses this to improve performance in comparison to its peers. All performance reports are reviewed and approved by SMB and submitted to Performance Select Committee, the same committee involved in monitoring and reviewing financial information.</p> <p>The Council has improved financial reports in terms of clarity and relevance in the latter part of 2008/09. Budget monitoring information is based on ledger information and is produced and shared with budget holders, members and senior managers within 14 days of period end. A new MTFs is in place, which is seen as an improvement on the previous one. The reports in place are clear, relevant and concise. Accrued information is not currently used, although plans are in place to include accrued information in 2009/10.</p> <p>The 2008/09 financial statements were prepared in advance of statutory deadlines and only one material error was identified and amended. This error related to an over accrual of some £671,000 (overall materiality for the audit was £424,000), but had the effect of increasing the Council's surplus position. The commitment by both the finance team in terms of producing a timely and good set of accounts complete with comprehensive working papers, as well as by members for their robust challenge and commitment to the financial statements is a significant improvement over prior years.</p> <p>All the main reports and publications, including the Annual Audit and Inspection Letter and summary accounts are easily located on the website, and the website is in accessible format. The Council have a 'browse aloud' feature on their website enabling hard of sight users to have webpage content read to them which is seen to be innovative.</p>	

Appendix 1 – Use of resources key findings and conclusions

Table 6 Theme 2 - governing the business

Theme 2 score	2
How well does the organisation govern itself and commission services that provide value for money and deliver better outcomes for local people?	
<p>Key findings and conclusions</p> <p>The Council's vision for services is clear through its corporate planning and service planning. The approach to procuring and commissioning services in support of this direction is, however, underdeveloped. The Council recognises its weaknesses and has developed a procurement diagnostic through Improvement East funding.</p> <p>There are adequate arrangements in place in respect of data quality with performance clearly monitored against priority indicators. There are concerns over data security and related business continuity due to the lack of off site backups at the time of review. Processes are in place to rectify this in future years.</p> <p>The Council has adopted and promotes the principles of good governance and training is provided to members. The Council has a clear purpose and vision and is committed to achieving this goal. It demonstrates a strong ethical commitment through its Standards Committee, information about which can be found on the website along with whistle blowing policies and how to make a complaint. Governance arrangements are in place for significant partnerships.</p> <p>The system of internal control is effective and is supported by an internal audit unit with scrutiny through the Performance Select Committee. Risk management arrangements are in place but are considered weak. The operational risk registers are not considered by the Council to be effective and a complete overhaul of the risk management framework is due to take place in the next year.</p>	

KLOE 2.1 (commissioning and procurement)	1
<p>Does the organisation commission and procure quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money, in that it:</p> <ul style="list-style-type: none"> • has a clear vision of intended outcomes for local people which shapes its commissioning and procurement, and is based on an ongoing analysis and understanding of needs; • involves local people, partners, staff and suppliers in commissioning services; • seeks to improve the customer experience, quality and value for money of services through service redesign, making effective use of IT; • understands the supply market and seeks to influence and develop that market; • evaluates different options (internal, external and jointly with partners) for procuring services and supplies; and • reviews the competitiveness of services and achieves value for money, while meeting wider social, economic and environmental objectives. 	
<p>Key findings and conclusions</p> <p>The Council's vision for services is clear through its corporate planning and service planning. Overall, this is based on consultation with the public to understand their needs and aspirations.</p> <p>The Council's approach to procuring and commissioning services in support of this direction is underdeveloped. No strategic approach to procurement is in place and no real direction on procurement activity to services. The Council recognises its weakness and has carried out a procurement diagnostic through Improvement East funding. There is still a lot of work to do to deliver the actions from this diagnostic. There are recent examples of successful service based procurement activity that have led to improved value for money for residents, such as a Leisure PFI. Discussions are taking place with neighbouring Councils to commission their expertise in procurement, but this is not yet in place.</p> <p>Service redesign activities are evident in areas such as Development Control with business re-engineering activities leading to improved performance. As a member of the Essex Procurement Hub, more modern methods of procurement have been used in partnership to secure IT hardware and improved telephony through OGC framework contracts. The Council is embarking on an ambitious programme of partnership working and shared service provision to realise future savings, without procurement expertise in place there are significant risks associated with this direction.</p> <p>The Council is currently in active discussion with other councils about the development of procurement as a shared service, including the sharing of capacity and expertise to progress its specific improvements and the development of pan-Essex arrangements. This is still at the discussion stage and is unlikely to have an impact until 2009/10 at the earliest.</p> <p>The Council has embarked on discussions on a range of partnerships to enhance services and improve VFM including an HR partnership with Essex County Council for emergency planning, a choice based letting scheme with five other local housing authorities and a car parking partnership with two other districts in Essex.</p> <p>The Council has a programme of service reviews which aim to improve services and value for money, although these are still in progress. The key objectives planned for each review would be to identify and implement process, system and structural efficiencies. Relevant performance indicators have been identified to ensure effective monitoring of any revised processes.</p>	

Appendix 1 – Use of resources key findings and conclusions

KLOE 2.2 (data quality and use of information)	2
<p>Does the organisation produce relevant and reliable data and information to support decision making and manage performance, in that it:</p> <ul style="list-style-type: none"> • produces relevant and reliable data and works with partners to ensure the quality of partnership data; • understands the needs of its decision makers and provides them with information that is fit for purpose and is used to support decision making; • ensures data security and compliance with relevant statutory requirements; and • monitors performance against its priorities and targets, and addresses under-performance. 	
<p>Key findings and conclusions</p> <p>The Council monitors Performance Indicators (PIs) quarterly, reporting to SMB and the Performance Select Committee. The PIs monitored are national, corporate and service level PIs. Annual benchmarking activities are completed and reported for district quartile and comparative SPARSE authority indicator data. The Council puts emphasis on the SPARSE benchmarking process, and uses this to improve performance in comparison to its peers. Issues raised are promptly followed up. The Council implemented an underperforming PI policy in 2008/09.</p> <p>The approach to data quality at service manger level is positive. Managers are expected to sign off performance as correct before submission to the PI and Performance Team, who complete random sampling and provide support for areas where issues occur. This is supported by clear audit trails of the evidence and transfers responsibility to those submitting and owning data. Internal audit quality checks take place. Through the annual audit programme random samples of indicators are tested by internal audit and issues developed into action plans where necessary. This is supported by a clear data quality strategy. Our findings from data quality spot checks and testing of benefits claims confirm that overall data quality appears reasonable.</p> <p>The delivery of performance information has improved with regular enhanced reports to those responsible for decision making and the Performance Select Committee. This information enables monitoring against targets and priorities. Underperformance is highlighted in these reports through traffic lighting with action planning commentary to support improvement. Further enhancements to ensure support are being piloted with a performance indicator review process.</p> <p>Members' decisions are all based on written committee reports with standard checklists to ensure that all key factors are considered. The Council has recognised however they are not consistently using available information to underpin the management of the Council, for example although the Council has information on areas such as its demographic profile, it is not using this information efficiently to manage performance. Plans to rectify this are in place.</p> <p>The Council has implemented the Government's code of connection. Each main IT system has secure access. A data protection policy is in place, as is an IT acceptable use policy, security policy and home working policy. System security is tested through penetration testing and checks are built into the IT network to support adherence to policies. However improvements can be made regarding the security of data. There is currently no off-site back up facility, with data being backed up to a separate building on the same site as the main Council offices. Discussions are currently taking place with another council in Essex to allow reciprocal back-ups on to blade servers at their offices. This would ensure offsite backups are in place in future.</p> <p>The Council has put in place improved performance management procedures, monitors performance against its priorities and targets, and addresses underperformance.</p>	

KLOE 2.3 (good governance)	2
<p>Does the organisation promote and demonstrate the principles and values of good governance, in that it:</p> <ul style="list-style-type: none"> • has adopted, promotes and demonstrates, the principles of good governance; • maintains focus on its purpose and vision; • demonstrates a strong ethical framework and culture; and • applies the principles and values of good governance to its partnership working. 	
<p>Key findings and conclusions</p> <p>The Constitution clearly defines the roles and responsibilities of committees, members and senior officers. All members have signed up to the code of conduct and the Council's Annual Governance Statement is reviewed each year. Internal audit carried out a programme of work reporting on the adequacy of the Council's risk management and internal control. Key documents are also publicly available on the website including the complaints procedure, anti-fraud and corruption policy and the whistleblowing policy.</p> <p>Through its corporate strategy and aligned MTFs the Council's focus on its vision and purpose is stronger than in previous years. Future revenue implications of present levels of service delivery are clearly understood resulting in the identification of the need to make savings. In order to achieve this, the Council has set itself a clear direction through partnering and shared services. In order to be successful in achieving financial balance in future years, there is significant work to do to deliver the identified areas for partnership and improve the Councils present approach to governing such partnerships.</p> <p>Extensive training for members has been provided on the Code of Conduct, which Members have signed up to. The membership and functions of the Standards Committee continues to comply with legislation. Members of the Standards Committee have been trained in the procedures needed for dealing with complaints of a breach of the Code. Standards Committee minutes are available on the Council's website. There is no separate formal code of conduct for staff, however the Council's staff handbook contains a reasonable amount of ethical conduct information for staff to use. Members' declarations are available online and arrangements are in place to ensure compliance with register of interests and the register of gifts and hospitality.</p> <p>The governance arrangements of the Council have also been extended to all partnerships within the Local Strategic Partnership. The Council participates in a car parking partnership with Colchester Borough Council and Braintree District Council; a joint committee and separate audit has been established with specified governance arrangements.</p>	

Appendix 1 – Use of resources key findings and conclusions

KLOE 2.4 (risk management and internal control)	1
<p>Does the organisation manage its risks and maintain a sound system of internal control, in that it:</p> <ul style="list-style-type: none">• has effective risk management which covers partnership working;• has a clear strategy and effective arrangements, including allocation of appropriate resources, to manage the risk of fraud and corruption; and• has a sound system of internal control including internal audit.	
<p>Key findings and conclusions</p> <p>Risk management arrangements are weak. The Council has acknowledged that service level (operational) risk registers are not considered effective. The framework is due for a complete overhaul in the next year and the Council's aim is to ensure that operational risk registers are better focused and feed into the corporate risk register appropriately, with a view to ultimately informing the MTFS and Corporate Plan. Internal Audit's involvement with risk management is seen to be too high level and there needs to be a segregation of duties between risk management and Internal Audit functions. Plans are in place in 2009/10 to give responsibility for risk management to a separate group. The Council has recognised its weaknesses in risk management and has plans in place to strengthen its arrangements.</p> <p>Key documents are publicly available via the website including the up to date anti-fraud and corruption policy (within the constitution) and the whistleblowing policy. Policies have been communicated to staff, although no fraud awareness training has been undertaken. There is a dedicated team available in respect of Housing Benefit fraud who are supplied with relevant training and conduct investigations when required. National Fraud Initiative (NFI) matches are currently being investigated by the fraud team.</p> <p>There is an adequate system of internal control in place comprising of an audit committee (Performance Select Committee), sound controls for key systems, standing financial instructions and scheme of delegation and arrangements in place to ensure compliance with relevant laws and regulations. A review of internal audit in 2007/08 confirms that all key requirements have been met and those actions needed to strengthen the internal audit function have been implemented in 2008/09. The Performance Select Committee has been in place for a number of years, and receives all internal and external reports as well as periodically reviewing risks at the Council. The Council responds to recommendations from both internal and external audit.</p>	

Table 7 Theme 3 - managing resources

Theme score	2
How well does the organisation manage its natural resources, physical assets, and people to meet current and future needs and deliver value for money?	
<p>Key findings and conclusions</p> <p>The Council has a productive and skilled workforce. Survey results show that staff satisfaction is high and sickness levels are low compared with other councils. A new performance system is now in place among all staff, including clearer targets and assesses performance alongside newly developed values and behaviours. The Council recognises the need for a workforce strategy to consider its workforce in terms of its longer strategy vision and corporate objectives. The Council has secured partnership support from the Essex County Council to improve this area of weakness.</p> <p>The Council has identified key people management goals and has managed its staff well through organisational changes. Staff are well supported and although there have been a number of changes and redundancies, staff satisfaction levels are positive.</p> <p>The Council has well established people management policies and practices in place, including diversity. It has access to strategic HR advice through its partnership with Essex County Council and has reached Level 2 of the Equality Standard and diversity considerations are written into service plans and committee reports.</p>	
<p>KLOE 3.1 (use of natural resources) [not applicable to district councils in 2008/09]</p> <p>Is the organisation making effective use of natural resources, in that it:</p> <ul style="list-style-type: none"> • understands and can quantify its use of natural resources and can identify the main influencing factors; • manages performance to reduce its impact on the environment; and • manages the environmental risks it faces, working effectively with partners. 	Not applicable
<p>KLOE 3.2 (strategic asset management) [not applicable to district councils in 2008/09]</p> <p>Does the organisation manage its assets effectively to help deliver its strategic priorities and service needs, in that it:</p> <ul style="list-style-type: none"> • has a strategic approach to asset management based on an analysis of need to deliver strategic priorities, service needs and intended outcomes; • manages its asset base to ensure that assets are fit for purpose and provide value for money; and • works with partners and community groups to maximise the use of its assets for the benefit of the local community. 	Not applicable

Appendix 1 – Use of resources key findings and conclusions

KLOE 3.3 (workforce planning)	2
<p>Does the organisation plan, organise and develop its workforce effectively to support the achievement of its strategic priorities, in that it:</p> <ul style="list-style-type: none">• has a productive and skilled workforce;• knows in the medium to longer term what staff it will need, with what skills, and has plans to achieve this;• engages and supports staff in organisational change; and• has policies which support diversity and good people management.	
<p>Key findings and conclusions</p> <p>The Council has a productive and skilled workforce. Survey results show that staff satisfaction is high and sickness levels are low compared with other councils. A new performance system is now in place among all staff, including clearer targets and assesses performance alongside newly developed values and behaviours. The Council has an effective performance and development system in UPerform, which ensures that staff receive the training they need.</p> <p>The Council acknowledges a workforce strategy is needed, linked to the corporate plan and medium term financial plan. The Council has secured partnership support from Essex County Council to improve this area.</p> <p>Senior management effectively manage organisational change and involve the workforce. Staff generally feel engaged and positive about the organisation. Senior management capacity in the Council has improved and the Council is using capacity building funds to put a core team in place to deliver change management. Senior management involve staff in organisational change, and there are regular bi-monthly briefings from the Chief Executive and Leader. These cover issues such as how the Council will meet its savings targets in future and its involvement in shared services. There are also regular team meetings and meetings with unions.</p> <p>The Council has well established people management policies and practices, including for diversity practices. It has access to strategic HR advice through its partnership with Essex County Council. It has reached Level 2 of the Equality Standard and diversity considerations are written into service plans and committee reports. Equalities training is being rolled out across the Council.</p>	

The Audit Commission

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