



Use of Resources 2009

Stevenage Borough Council

6 November 2009

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1 Key Messages

1.1 Context

Under the Audit Commission's Code of Audit Practice we are required to reach a conclusion on whether Stevenage Borough Council ("the Council") has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources ("VFM conclusion"). This report presents the results of our value for money and use of resources work in 2008/09. We have separately issued our annual report to those charged with governance ("ISA260"). The key messages from both of these reports will be summarised in the annual audit letter.

We described in our Audit Plan, issued in March 2008, the areas of audit work that provide us with the assurance that contributes to our annual VFM conclusion. This report sets out our findings from our assessment of the Council's Use of Resources ("UoR"), using the three themes within the Audit Commission's new assessment framework themes and Key Lines of Enquiry ("KLoE").

In 2009, the Audit Commission introduced a new framework and methodology for Use of Resources (UoR) assessments across local government, police forces, fire authorities and primary care trusts. The new framework emphasises outcomes over processes, and brings new areas into the assessment such as environmental and workforce management. The new assessment presents a more robust challenge than the old framework, based on different scoring criteria. It should be noted, therefore, that changes from prior year scores do not necessarily reflect an objective change in performance. Further detail about the new framework and the link to Comprehensive Area Assessment ("CAA") are set out in appendix B.

1.2 Key Messages

The Council's UoR scores in the three themes are summarised in the table below. A score of 1 indicates inadequate performance, and a score of 4 indicates excellent performance. For a full explanation of scoring criteria, please see appendix C.

Table 1: UoR scores

Theme	2008/09 score
1 Managing finances	2
2 Governing the business	2
3 Managing resources	2

We have assessed the Council as meeting minimum requirements in all three themes. Compared to other Hertfordshire districts the Council has more work to do to stabilise the medium term financial position. The Council is not yet in a position to target funds for re-investment in services as the immediate priority is to achieve savings targets to balance the budget, despite the Council achieving extensive efficiencies of over £4m in last three years. The Council demonstrates an understanding of its cost and performance across the Council and has achieved planned outcomes across a range of services while maintaining relatively low costs, taking account of the local context. Improvements have been made in 2008/09 in reporting a balanced scorecard to senior officers and members in a timely way. The scorecard provides senior officers and members with information suited to their requirements and is used to make financial and non-financial decisions.

The Council has established processes for securing good quality performance and financial data and uses these processes to identify areas of under performance and/or areas where data quality can be strengthened. Performance and data quality improvements have been achieved in the year of audit. Our judgements in the Governing the Business theme have been informed by the results of our data quality spot-checking work, where we reviewed internal audit's work on eight performance indicators and found no significant weaknesses in the audit trail to support the calculation of these indicators.

Key actions for the Council arising from our assessment include:

- Demonstrating financial outcomes from key decisions taken by the Council across all significant services provided by the Council.
- Ensuring that savings are identified and actions plans put in place to make sustainable savings for the medium to longer term. This is particularly important given expected future decreases in funding of public services and the need to demonstrate robust business planning in all areas of Council activity.
- Demonstrating that the wider community is impacted through commissioning and procurement decisions, through a variety of social, economic and environmental objectives.
- Enhancing current internal reporting processes to ensure that specific Council actions are incorporated so that the success of initiatives and service reviews can be measured. Internal reporting processes should also incorporate staff satisfaction and effectiveness indicators.

Further details of work to support our Use of Resources assessment are given in section two.

1.3 Next steps

We will continue to work with the Council during the year to help prepare for the 2009/10 Use of Resources assessment. For further details on next year's assessment, please see appendix D.

The recommendations arising from our review are set out in appendix A. We would like to take the opportunity to remind the Audit Committee of the need to monitor implementation of these recommendations.

1.4 Use of this report

This report has been prepared solely for use by the Council to discharge our responsibilities under the Audit Commission Code of Audit Practice and relevant auditing standards and should not be used for any other purpose. No responsibility is assumed by us to any other person.

This report includes only those matters that have come to our attention as a result of performance of the audit. An audit of Use of Resources is not designed to identify all matters that may be relevant to those charged with governance. Accordingly the audit does not ordinarily identify all such matters.

1.5 Acknowledgements

We would like to record our appreciation for the co-operation and assistance provided to us by the Council's management and officers during the course of our audit.

2 Detailed findings

2.1 Introduction

In carrying out our audit work we comply with the statutory requirements governing our duties, set out in the Audit Commission Act 1998, in accordance with the Code of Audit Practice ("the Code"). The Code requires us to issue a conclusion on whether Stevenage Borough Council ("the Council") has proper arrangements in place for securing economy, efficiency and effectiveness in the use of its resources ("VFM conclusion"). The Use of resources ("UoR") assessment forms the backbone of this process.

The UoR Key Lines of Enquiry ("KLoEs") are prescribed by the Audit Commission and applied at all Councils, Police Forces, Fire Authorities and NHS PCTs. However, as our audits are tailored to local risks, we specifically identify and consider certain areas of greater audit risk for each organisation, as part of the UoR assessment. For the Council, we identified a number of areas for further consideration in our Audit Plan. These are set out in the table below, with a reference to where we carried out the additional work.

Table 2: Consideration of local risks in our work

Local VFM risk identified in our Audit Plan	Where considered
Partnership working is a central feature of current government policy and focus. Audited bodies will be assessed on the outcomes to citizens from services provided by the public sector as a whole. This will require effective joined up partnership working.	Partnership working is a key feature within the Use of Resources assessment and strong partnership working is vital for securing level 3 scores in most KLOEs.
Inadequate workforce planning and capacity can impact on delivery of ambitions and priorities, further continuous improvement and strategic planning.	Workforce planning and capacity is specifically considered within KLOE 3.3.
Savings are required to balance both the General Fund and Housing Revenue Account ("HRA") budgets. There is potential conflict between the investment needed to improve the housing service and maintaining financial balance, especially with Stevenage Homes, the Council's arms length management organisation, being re-inspected by the Audit Commission in February 2009.	Review of service performance and finances is specifically considered within KLOE 1.1 and 1.2.

Local VFM risk identified in our Audit Plan	Where considered
The Council is developing plans for the regeneration of Stevenage town centre, which will also involve the development of new council offices.	Due to the economic downturn progress in the regeneration slowed down and therefore significant audit risks did not materialise.
The Council implemented changes to internal planning, monitoring and reporting processes from April 2008.	These changes have been considered throughout the Use of Resources assessment.

2.2 Approach to the audit

The assessment was carried out between March and August 2009. We reviewed the Council's arrangements against the KLOE framework prescribed by the Audit Commission. Our work was based on review of the Council's self evaluation of performance and supporting evidence, meetings with senior management and officers.

2.3 2008/09 UoR assessment

The 2008/09 KLOE and theme scores are shown in the table below.

Table 3: UoR theme and KLoE scores

Theme / KLOE		Score
Theme 1 - Managing finances		2
1.1	Financial planning	2
1.2	Understanding costs	3
1.3	Financial reporting	2
Theme 2 - Governing the business		2
2.1	Commissioning and procurement	2
2.2	Use of data	3
2.3	Good governance	2
2.4	Internal control	2
Theme 3 - Managing resources		2
3.1	Environmental management	n/a
3.2	Asset management	n/a
3.3	Workforce management	2

Please note:

- Some KLOEs have an overriding impact on theme scores - see Appendix C for more details of scoring criteria and arrangements.
- Different KLOEs are specified for assessment each year and across types of organisation. See appendix D for details.

2.4 2008/9 VFM conclusion

Under the Code of Audit Practice ("the Code"), auditors have a responsibility to conclude whether the audited body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. This conclusion is the value for money ("VFM") conclusion. Section 3 of the Code sets out the scope of these arrangements and the way in which auditors will undertake their work.

Auditors inform and limit their VFM conclusion, by reference to relevant criteria. These criteria cover particular areas of audited bodies' arrangements, specified by the Commission under the Code. From 2008/09, the KLOE for the scored use of resources assessment also form the criteria for the VFM conclusion. The Commission will specify each year which of the use of resources KLOE will form the relevant criteria for the VFM conclusion at each type of audited body.

Auditors address a 'yes' or 'no' question for each criterion – that is the audited body either has proper arrangements or it does not. A 'no' judgement will be equivalent to level 1 performance for the use of resources assessment, and a 'yes' judgement will be equivalent to level 2 performance or above. Criteria with a 'no' judgement will automatically apply in the following year regardless of whether or not they are specified.

For bodies subject to a scored use of resources assessment for CAA, the KLOE forming the relevant criteria for the 2008/09 and 2009/10 VFM conclusion are those specified at Appendix D.

On the basis of the KLOE scores assessed in 2008/9 an unqualified VFM conclusion was issued on 22 September 2009.

The key findings in each of the KLOEs, and areas for improvement, are set out in the sections 4-6.

3 Identifying outcomes, outputs and achievements

3.1 Identifying outputs, outcomes and achievements

In order to score level 3 or above in the new UoR assessment framework, organisations were required to show that processes are effective and having the intended impact. This is an important shift in emphasis from the previous framework, within which organisations could achieve top scores by demonstrating excellent processes. The table below gives generalised examples of the types of outcome that have led to higher scores.

Table 4: Illustrative examples of outcomes, outputs and achievements by KLOE

NOTE - these examples are for illustration only and do not comprehensively cover each KLOE. Refer to section 2 for KLOE headings.

	Outcome	Output	Achievement
1.1	Investment in priorities leads to improved performance	Savings targets met, performance reward grant achieved	Positive external assessment
1.2	Improved relationship between costs and performance	Service reviews completed identifying opportunities	Development of effective corporate efficiency programme
1.3	Healthy financial position	Improved financial skills	Early close of accounts, no errors reported to those charged with governance.
2.1	Improved service performance at lower cost	Completed commissioning / procurement exercises	Innovative approach to joint commissioning External recognition for procurement
2.2	Better-informed decisions and robust data to stakeholders	Improved internal performance reporting	Finding and fixing problems with own or partner data
2.3	Flexibility and responsiveness whilst maintaining focus	All members trained in ethical behaviour	Achieving a more balanced political process
2.4	Risks identified and mitigated, frauds recovered	Development and review of risk registers	Development of effective partnership risk framework

	Outcome	Output	Achievement
3.1	Reducing emissions and water consumption	Training of environmental champions	Enrolment in carbon reduction programme
3.2	Improving condition of assets	Income from disposal of unwanted assets	Better office accommodation
3.3	Meeting skills gaps, improving staff satisfaction	Reducing turnover and sickness absence	Investors in people accreditation

There are some common sense principles that should be taken into account when seeking to identify outcomes:

- Organisations should not have to identify new outcomes for the purposes of UoR assessment. These should be identified and captured through existing management activity; organisations should understand how their processes help them to achieve their priorities.
- Outcomes and outputs should be measurable where possible, but if this is not the case then a qualitative description of the improvement is still useful.
- There may not be a 1-2-1 relationship between processes and outcomes. There may be a small number of outcomes that arise as the net effect of a processes across a KLOE area.

3.2 Engagement in the assessment process

Council officers engaged effectively with the assessment process in 2008/09. Our early discussions with senior officers helped the Council to prepare a focussed pack of evidence, with a realistic self-evaluation provided in good time for review.

3.3 Our approach to ensuring consistency

In line with the Audit Commission's move to Comprehensive Area Assessment, the new use of resources framework has been designed to provide more flexibility to recognise local issues, priorities and achievements. This has given auditors more freedom to establish the individual story of each organisation, rather than applying a rigid best practice template. To support this, both the Audit Commission and Grant Thornton UK LLP have put in place new arrangements for ensuring that judgements and scores are reached in a fair and consistent way.

The Audit Commission has:

- Provided extensive guidance and training.
- Introduced an area-based challenge process bringing together auditors within each region to discuss and challenge indicative scores.
- Increased the visibility of comparative scores and commentary for auditors.
- Undertaken a detailed final quality assurance process including statistical analysis across suppliers, regions and types of organisation.

Grant Thornton has:

- Provided internal training and guidance.
- Developed a network of regional leads to oversee the audit process nationally.
- Undertaken a number of internal consistency and challenge sessions, comparing our clients to each other and with their regional neighbours.
- Undertaken detailed review and quality control of scores and conclusions.

4 Managing finances

4.1 Theme summary

Our audit work has identified some good examples of effective financial planning arrangements that are forward looking and proactive in identifying and developing opportunities for improving medium term financial planning. However, compared to many other districts the Council has more work to do to stabilise the medium term financial position. The Council is not yet in a position to target funds for re-investment in services as the immediate priority is to achieve savings targets to balance both the General Fund and Housing Revenue Account budgets.

The Council demonstrates that it understands cost and performance across its services and that it has achieved planned outcomes across a range of services while maintaining relatively low costs (within the local context). The Council has also achieved extensive efficiency savings (over £4m in last three years).

Improvements have been made in 2008/09 in timely reporting of a balanced scorecard to senior officers and members, which provides information suited to their requirements and is used to make decisions on financial and non-financial performance. However, the format of accounts was not particularly user friendly, and the Annual Report was not identified as being published before 14 August, although officers have subsequently asserted that the Annual Report for 2008/09 was published in July 2009.

KLOE 1.1 - Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health?

The Council has been financially stable over the past three years. Clear links between the capital programme and fees strategy to the budget and medium term financial strategy can be demonstrated as well as clear links between Council objectives, service planning, risk management and financial planning.

The Council has been able to demonstrate a number of examples where investment has led to improved outcomes, including:

- A 15% reduction in crime, of which part can be linked to increased investment in CCTV cameras and associated work with the Community and Disorder Reduction Partnership.
- The Citizens Advice Bureau received an increased grant of £30,000, which has addressed increased demand in services at CAB to ensure users are seen more quickly.
- An additional £85,000 has been spent on improving the effectiveness and efficiency of the Benefits Service. This has brought significant improvement in the processing of benefit claims, as evidenced by performance data.

Parking income has been eroded as a result of a decline in town centre footfall. The revised fees set for 2009/10 increased the charge for commuter parking to £6.00 as recommended in the fees and charges strategy, however the town centre fees were revised to reflect the balance between encouraging shoppers into the Town while retaining income streams.

However, is limited evidence provided of how the Council has shifted resources to help meet outcomes systematically. The focus has been on ensuring that the medium term financial strategy balances through deletion of non-priorities, rather than a clear focus to use available funds to focus on Council priorities.

Recommendation 1 - Demonstrating material outcomes from actions taken by the Council.

The Council should continue to take action to identify additional efficiencies in the budget to demonstrate that the Council's finances are structured to support priorities. The medium term financial strategy should demonstrate how funding is allocated to achieving the Council's strategic priorities.

Consultation on financial matters has taken a variety of forms designed to meet the needs of different users, e.g. weekend conferences, evening telephone surveys, on-line survey, afternoon meetings. Residents have provided feedback that they feel more informed about the budget process.

A process of ongoing scrutiny exists for the financial plans and management arrangements across the Council. This is achieved through the Senior Management Board challenging financial assumptions through the scrutiny of key decision reports, and standing scrutiny items on the Scrutiny Overview work programme on financial performance and the medium term financial strategy. Members and senior officers are given appropriate training in order to provide this challenge.

Regular scrutiny of budget items has led to the quarterly financial performance review, quarterly council performance review and a series of update briefings where collective knowledge of particular issues needed enhancing e.g. treasury management in light of the Icelandic Bank collapses. The Audit Committee held a special meeting and Council Treasury Management processes were enhanced as a result. Our work on Treasury Management has identified no significant concerns at this stage.

KLOE 1.2 - Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities?

From review of Audit Commission VfM profiles we noted the following:

- The Council's central support costs are reducing per head of population due to a review of administration staff costs and reallocation of responsibilities within service teams to reduce central support and overall staff costs.

- The cost of benefit administration is one of the lowest in the comparator group. A review of customer service performance incorporated benefits administration leading to lower costs.
- Street Cleaning costs remain high, although the Council has one of the best performing BVPI199a results in terms of cleanliness. Cost base is high as a result of authority specific factors which require additional costs to be incurred. Targeted cleaning in response to consultation has led to improved performance.
- Waste collection costs are average although satisfaction levels are above average. Waste service is in-house so the Council is able to effectively control the costs of the service.
- Environmental Health costs are increasing per head of population, and will be subject to a review in 2009/10. This will involve breaking down the service into individual cost units to feed into fees and charging strategy to ensure a fair price for individual services.
- Planning costs have continued to fall, by over £5 per head of population in four years. This is due to a reduction in agency costs which the Council had identified as being relatively high compared to others.
- All Housing related expenditure is within the bottom 2 cost quartiles. This comes from a detailed review of the cost base in setting up the Arms Length Management Organisation ("ALMO"). The management fee does not take account of growth within the ALMO and the Housing Revenue Account. Growth items would be funded from efficiencies.
- Parks and Open Spaces costs remain high (in line with priorities), although this is supported by top quartile satisfaction results.

These outcomes demonstrate that the Council understands its cost and performance and has achieved planned outcomes across a range of services while maintaining relatively low costs (within local context and incorporating partners as appropriate).

The Council undertakes full scenario analysis for all major investment decisions and service changes in order to evaluate the options, the risks that need to be mitigated, external factors that may have an influence and the whole life costs / benefits that are expected to result. Recent examples include the evaluation for the implementation of plastics recycling, upgrading the Golf Centre facility and replacement of the Fairlands Valley Paddling Pools.

The Council has successfully utilised competition and contestability to reduce costs in its search for ongoing efficiency gains, through an active approach to market management. This has included:

- aggregating demand in collaboration with other public authorities e.g. supply of all temporary staff through a vendor neutral contract resulting in cost savings of £31,000 per annum for the Council and £75,000 for Stevenage Homes Ltd.
- developing alternative approaches to contracting, including partnership working, that promotes flexibility, collaboration and innovation. The Council, through Stevenage Homes Limited, has used an innovative form of competition between the main providers of its Decent Homes contract. Costs have reduced and customer satisfaction has remained high.

The Council has continued to exceed its annual efficiency targets, and has delivered over £4m in the last three years.

The Audit Commission's 2008 Direction of Travel assessment acknowledged that the Council continues to provide good value for money. In most areas satisfaction with users of services is high.

KLOE 1.3 - Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people?

Sensitivity analysis is applied to budgets which are reactive to economic conditions. A monthly investment forecast is produced updated for current transactions and in the event of any change to market conditions (e.g. base rate reductions) an updated forecast will be produced. Sensitivity analysis is also applied to the medium term financial strategy ("MTFS"), where scenarios such as tax base changes, Council Tax precept percentage changes, savings target changes/use of balances can be run through the model. This approach to budget monitoring aids in the budget setting process the current year estimates are well established and the 2009/10 budget setting process has been informed by trends in year.

This approach to budget monitoring aids in the budget setting process. This has been true of e.g. parking, land charges and investment income (base budget adjusted in 2009/10 as a result of budget monitoring). These trends have also been incorporated into the MTFS which is regularly reviewed and reported back to Members (July and December Executive). This has also meant that although pricing strategies are in place, e.g. Fees and Charges Strategy, budget monitoring has informed the budget setting process and changes were able to be made in the cases of parking, commercial properties and garages, ensuring robust estimates are set for the following financial year. The impact of budget monitoring is also reflected in the medium term, as a result of the current years projections and their likely impact on 2009/10, the MTFS has a higher savings target in 2010/11. This means that both officers and members can start to prepare in terms of priorities and de-prioritisation of services.

There is a balanced scorecard approach to reporting financial and non-financial information which highlights the key areas that members have expressed they want to see and links these to the priorities of the Council. This allows members and senior officers to identify areas of concern over financial and performance issues. Given the integrated nature of the dashboard with risk management processes the red flags in the dashboard would be reflected within the risk management process as actions required to address poor performance (which would in turn be noted as a risk to achieving the Council's corporate objectives).

The previous auditors identified that the financial instruments note was missing from the first draft accounts and that some chasing was required to obtain additional information. The audit of the 2008/09 accounts did not identify material errors in the accounts, but the Statement of Accounts was over 100 pages which suggests that the presentation does not meet good practice. Some of the narrative included within the Statement of Accounts led to a modified, but unqualified, audit opinion.

Recommendation 2 - Statement of Accounts.

The Statement of Accounts should be prepared so that only disclosures that are necessary to comply with the local government statement of recommended practice are included in the accounts. Where members have required additional information to explain balances this information should be included within the Explanatory Foreword.

The Council should consider the impact of the introduction of International Financial Reporting Standards from 2010/11 on the financial statements.

The Council has improved processes in preparing the Statement of Accounts from prior years, especially from 2006/07 when the Council achieved a level 1 in its Use of Resources for financial reporting and is well placed to achieve an improved score in future years.

The prior year annual report does not include information on social or environmental analysis or diversity impacts. An annual report was not available for review at 14 August 2009, although subsequent to our review officers have asserted that the annual report was published on the website in July 2009.

We have also noted that there are weaknesses in the processes for submitting grant claims and returns to grant paying bodies and the external auditor on time. For example, as at 6 November 2009 the Council had not yet submitted the Housing Revenue Account subsidy claim to the Department of Communities and Local Government ("CLG") even though the deadline for submission of un-audited data was 30 September 2009. Another example was that the Housing Revenue Account Subsidy base data return was due on 31 August 2009, but submission notice received by us on 19 September 2009. Both of these claims are submitted on the CLG's electronic submission system ("Logasnet") and officers have asserted that they have had problems in using this system which has delayed submission of un-audited data.

The Council has responsibility for ensuring that audited Whole of Government Accounts data is submitted as audited to the CLG by 1 October 2009. We were presented with the return for audit on 29 September 2009 and the working papers to support the return followed on 1 October 2009.

Recommendation 3 - Submitting returns for audit or certification.

The Council should submit information to grant paying bodies and the external auditor as appropriate in line with the deadlines set.

5 Governing the business

5.1 Theme Summary

Social, economic and environmental outcomes are not explicitly included within Council procurement and commissioning decisions but some good examples of community benefits have been realised through procurement. The Council currently delivers the majority of services in-house without necessarily being able to demonstrate that it has considered this to be the most effective way of delivering these services.

The Council prioritises data and reports to members in a way that they can measure performance against Council objectives on a real time basis. Flexible reports can be run for officers and members to use as appropriate. Improvements in the quality of data have been realised through risk rating data on the balanced scorecard, with examples of improvements in data quality noted for specific indicators.

The level of attendance of members on ethical matters training is unclear and members do not have their own formal development plans.

The Audit Commission reviewed the risk management process for the town centre regeneration, identifying weaknesses in these arrangements which cast doubts over the effectiveness of risk management in helping to deliver large scale projects. Limited evidence of outcomes against counter fraud objectives and use of partners to share best practice has been identified.

KLOE 2.1 - Does the organisation commission and procure quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money?

The Procurement Strategy outlines the Council's main procurement aims and, where appropriate, links these to the sustainable community strategy. There are ten aims in total and each aim has a set performance target which are monitored throughout the year by the Head of Finance and the Corporate Procurement Manager. An annual Procurement Plan is developed.

Outcomes in respect of procurement include:

- The Council led on the Managed Supply of Temporary Agency Staff on behalf of six Hertfordshire Councils. The contract is achieving cash savings of approximately £30,000 for the Council as well as improving the quality and speed of the recruitment process.
- The Council has increased its proportion of spend with Stevenage based companies from £ 4.5m in 2006/07 (out of a total spend of £38m) to £12.3m in 2008/09 (out of a total spend of £39m). This is in line with Council objectives.

A common procurement portal has been created and aligned to the supplier database. Within the portal potential suppliers and/or the wider community can view user-friendly information relating to policy and procedures. The main benefit of the portal is that the whole quote or tender exercise is conducted electronically.

Good examples of user satisfaction feedback has been noted in respect of feedback obtained from children on play schemes through use of smiley or sad faces. This has been used to inform direction of services to children.

The Council is an active participant in the Hertslink partnership which is a cross county group seeking opportunities to exploit ICT. The Council also supported Stevenage Homes by delivering mobile technology to the Housing Repairs service enabling repairs operatives to respond more quickly and spend more time in the field conducting repairs work, thus improving customer experience.

The Hertfordshire Waste Partnership have collaboratively awarded a new contract for the collection of waste paper, saving the Council £208,000 per annum. The Place survey has been purchased with other Hertfordshire Councils to identify user needs, achieving cost savings as well as more innovative approaches to consultation.

The CCTV partnership is a good example of working in partnership with other Councils to deliver a solution that incorporates collaborative commissioning from the public sector and private sector service delivery. A minimum service level is guaranteed through the pooling of budgets from each public sector CCTV Partner.

There have been two fundamental service reviews undertaken in areas where services are provided which support the business of the Council. Both reviews challenged the effectiveness and the outcomes of the existing arrangements. The results include the relocation of functions within core service areas and a reduction in the number of posts. However, cash savings generated from these reviews have not yet been realised.

Recommendation 4 - Ensuring that cash savings arising from service reviews are realised

The Council's internal reporting should include specific indicators that clearly demonstrate how the Council is achieving cash savings from service reviews undertaken.

Social, economic and environmental outcomes are not explicitly included within procurement and commissioning decisions.

Recommendation 5 - Demonstrating that social, economic and environmental outcomes are included in procurement decisions

The Council should ensure that the social, economic and environmental outcomes are clearly and transparently reflected in the decision making process for procuring and commissioning services.

KLOE 2.2 - Does the organisation produce relevant and reliable data and information to support decision making and manage performance?

The Audit Committee monitors delivery against the Data Quality Action Plan on a six monthly basis.

On the balanced scorecard, each indicator is rated for data quality, including a flag for third party data. The assessment is based on a data assurance checklist which is completed and reviewed by the Performance team to ensure improvements in the quality of data. Data provided by the ALMO is based on the same procedures and work is also completed with Hertfordshire police to ensure that the data provided by them is robust.

In the development of the Balanced Scorecard, Heads of Service identified measures for inclusion by considering:

- Relevance to the delivery of the Council's ambitions and priorities, and
- The information required to manage service delivery at operational level.

The measures selected were weighted according to the level of importance and agreed with the Strategic Director. A range of financial and non-financial measures are included together with a focus on the ability of the Council to sustain the capacity to deliver. The annual review of the Scorecard considers whether the measures continue to be fit for purpose and removes or amends measures and weightings as appropriate.

Service performance against agreed targets is regularly reported to Members, being reported quarterly to the Executive, and is available on line for all Members. Heads of Service are able to access reports that can be circulated to their teams, used to inform service delivery and for Portfolio Member briefing in advance of presentation of the Scorecard at Executive.

The Council has not experienced any data security incidents in recent years and has formal incident management processes and has incorporated security incidents formally within this framework by 31 March 2009.

Performance Information available on the Council's Intranet to support the development of activities includes:

- Customer Perception measures – Quality of Life Survey 2007, Place Survey results
- Balanced Scorecard
- Demographic information – Stevenage Profile
- Equality Impact Assessments and Vulnerable People Directory.

Performance information is benchmarked using a variety of sources including the Audit Commission, CIPFA and Hertfordshire Performance network.

The Council prioritises data and reports to members so that they can measure performance against Council objectives on a real time basis. Flexible reports can be run for officers and members to use as appropriate. Improvements in the quality of data have been realised through risk rating data on the balanced scorecard. The Council has worked with Stevenage Homes Limited to improve the quality of data of a local housing repairs indicator. This was flagged to members through the risk rating of data quality on the balanced scorecard. Officers completed their own data quality checklist to resolve the issues for this indicator, leading to a change in contractor and improved performance in housing repairs.

Data quality spot-check and housing benefits data quality results

To support our judgements for KLOE 2.2 we undertook detailed spot-checks of eight national indicators. We are pleased to note that we have not identified significant concerns around the quality of the underlying data which would be likely to lead to a material misstatement. Our summary findings are set out in the table below:

Table 5 - data quality spot-check results

Performance Indicator	Significant concerns?
NI 14 - Avoidable contact.	NO
Summary of findings	
Sampling used to determine levels of avoidable contact for all forms of contact described in the guidance, except for letter and e-mail contact. Other than this all areas of the guidance complied with and good audit trails in place to support the outturns recorded.	

Performance Indicator	Significant concerns?
NI 35 - Building resilience to terrorism	NO
Summary of findings	
Review of Council officer spot checking procedures which is aligned with the Audit Commission testing recommended programme over the completeness and accuracy of the data. Audit trails in place to support the outturn recorded. No concerns noted over data quality for this indicator.	

Performance Indicator	Significant concerns?
NI 155 - Number of affordable homes delivered	NO
Summary of findings	
Review of Council officer spot checking procedures which is aligned with the Audit Commission testing recommended programme over the completeness and accuracy of the data. Audit trails in place to support the outturn recorded. No concerns noted over data quality for this indicator.	

Performance Indicator	Significant concerns?
NI 158 - percentage of non-decent Council homes	NO
Summary of findings	
Review of Council officer spot checking procedures which is aligned with the Audit Commission testing recommended programme over the completeness and accuracy of the data. Audit trails in place to support the outturn recorded. No concerns noted over data quality for this indicator.	

Performance Indicator	Significant concerns?
NI 171 - business registrations	NO
Summary of findings	
Review of Council officer spot checking procedures which is aligned with the Audit Commission testing recommended programme over the completeness and accuracy of the data. Audit trails in place to support the outturn recorded. No concerns noted over data quality for this indicator.	

Performance Indicator	Significant concerns?
NI 188 - planning to adapt to climate change	NO
Summary of findings	
Review of Council officer spot checking procedures which is aligned with the Audit Commission testing recommended programme over the completeness and accuracy of the data. Audit trails in place to support the outturn recorded. No concerns noted over data quality for this indicator.	

Performance Indicator	Significant concerns?
NI 192 - household waste sent for re-use	NO
Summary of findings	
Review of Council officer spot checking procedures which is aligned with the Audit Commission testing recommended programme over the completeness and accuracy of the data. Audit trails in place to support the outturn recorded. No concerns noted over data quality for this indicator.	

Performance Indicator	Significant concerns?
NI 195 - street cleanliness	NO
Summary of findings	
Review of Council officer spot checking procedures which is aligned with the Audit Commission testing recommended programme over the completeness and accuracy of the data. Audit trails in place to support the outturn recorded. No concerns noted over data quality for this indicator.	

In reaching conclusions for KLOE 2.2, we also considered the results of the data quality aspects of our work on housing benefits. The Council's management arrangements for Benefits data were assessed and found to be operating satisfactorily. In addition, the benefit parameters and allowances on the housing benefits system had been updated to reflect the annual up-rating exercise.

A sample of 47 claims were tested for data quality, certification instruction and opinion purposes. The sample covered Rent Rebate, Rent Allowance and Council Tax for both new claims and change of circumstances. Of the cases tested, errors were recorded for one case of rent rebate for incorrect inputting of a claimants income increase and two cases of council tax, which were inputting of the incorrect start date of a claimants pension and inputting of the incorrect claim start date.

There were no errors detected for the testing of data quality, certification instruction and opinion purposes. These findings support the score of 3 achieved by the Council for this KLOE.

KLOE 2.3 - Does the organisation promote and demonstrate the principles and values of good governance?

Induction programmes for members have been introduced and developed tailored to individual needs. The member training programme introduced a process for individual Councillors to attend courses and seminars on request; provided all Member Learning sessions as and when required; set up development workshops for the Executive and for Members of the Scrutiny Overview Committee; training on Licensing activities; and training on the Code of Conduct (officers could also attend) and Standards Committees. Another example of training is the Modern Member Activity concerning Housing and Council Tax Benefits. Armed with a greater knowledge of the system many Councillors are now more able to direct and advise constituents on their problems in this area or encourage take up by those who may have thought they were not entitled. Over the last 12 months Member Development Seminars have included the ALMO and progress towards 2 stars, equalities and diversity, changes to the member code of conduct, Council's financial position, pathfinder and preparing for CAA. Training for members on the members code of conduct is conducted at least annually.

Feedback questionnaires are circulated after each session, including requests for other topics for future Member Development events. Training sessions and briefings are arranged typically on a monthly basis with Councillors. Evaluations are now being returned to HR for monitoring and planning purposes. Feedback from Members is positive.

However, the level of attendance of members on ethical matters training is unclear and that members have their own formal development plans.

Recommendation 6 - Ethics Training

Training records for members on ethical matters, including member conduct should be maintained to demonstrate that members understand the need for high levels of ethical conduct.

Recommendation 7 - Member development plans

The Council should look to introduce member development plans as a matter of best practice.

The Council's ambitions and priorities are determined by community consultation, local data and demographics and central government information. The vision for the town is supported by clear ambitions and priorities, which are linked to business and financial processes.

Despite disagreements over the direction of the Council between the Chief Executive and Members, this did not cause the Council to lose focus in achieving its strategic aims and objectives. During this period there was improvement in the financial outlook for the Council, with service focused on efficient delivery and a wider engagement with partners through the Local Strategic Partnership ("LSP") as documented in the Direction of Travel statement. Working relationships between members and other senior officers have remained good.

Notices of the complaints process in a form approved by Committee have been placed on the Council's web site, are on display in the Customer Service Centre and have been placed both in the Council's own newspaper the "Chronicle" and the "Comet", being the most widely available local newspaper for the area.

Reducing teenage pregnancy and improving sexual health have been a priority over the past decade. The Stevenage Children's District Trust Partnership has played a central role in reducing teenage pregnancy rates through targeted interventions and Stevenage has seen a 42% reduction in the last ten years. The Council influence this partnership through the LSP.

The Crime and Disorder Reduction Partnership (CDRP) has seen an overall reduction in crime this year of 15%.

The membership of the LSP is reviewed annually. Partners are asked to nominate their organisations. Each year as part of the induction every member of the LSP is given an induction pack including the terms of reference which set out the roles and responsibilities of members.

The Audit Committee has requested that officers review member expenses and we understand that the review work completed to date has not identified any significant concerns.

KLOE 2.4 - Does the organisation manage its risks and maintain a sound system of internal control?

A risk management workshop facilitated by a risk management expert from the Council's insurers, Zurich was held for all Members of the Council. During the workshop, members were advised of the need for risk management and their role within the Council's risk management arrangements. 29 out of 39 members in total attended the workshop.

A project initiation document and the partnership toolkit guides the thought process in developing risk arrangements for partnerships. The Audit Commission reviewed the risk management process for the town centre regeneration and identified weaknesses in these arrangements.

Recommendation 8- Reporting outcomes of risk considerations

The Council's internal reporting should include specific indicators that clearly demonstrate how the Council is achieving outcomes on major projects, including outcomes of actions taken through risk analysis.

Arrangements are in place to get the basics right in respect of counter fraud. However there is limited evidence of outcomes against counter fraud objectives and limited evidence of use of partners to share best practice.

Recommendation 9 - Counter fraud objectives

The Council should set a series of counter fraud objectives and monitor performance to effectively communicate how the Council increases fraud awareness and reduces actual frauds committed, e.g. reporting progress in the National Fraud Initiative.

The Audit Committee has initiated the development of a number of data protocols in advance of the new government GCSX standard. The Committee also required officers to extend their actions to the destruction of paper data records. The Audit Committee requested a full refresh of the strategic risk register as it felt the number of risks identified was becoming unmanageable. The review resulted in over 50% of risks being transferred to operational risk registers or deleted due to mitigation actions being successfully applied. The Audit Committee proposed a number of amendments to both CSO's e.g. a new income generating contracts section and to financial regulation's e.g. virement restrictions and preferred method of payment to be changed to BACS and has also led on improving controls around Treasury Management as a specific project in 2008/09.

The committee ensures it picks up key findings from other member groups within the Council through its membership criteria with representatives from the Executive, opposition and back benches all on the Audit Committee. In addition, the Chair of the Audit Committee is a member of the Corporate Risk Group where all emerging risks to the Council are discussed, allocated risk owners and entered onto the strategic risk register where appropriate.

The Council gathers assurance on the viability of its significant contractors through full financial vetting during the procurement stage. Internal Audit also review all significant contract payments to ensure internal control requirements are met and that the Council is not put at financial risk e.g. by pre-paying for goods or services. Both Stevenage Homes Limited and Stevenage Leisure Limited are integrated into the Council's business continuity plans thereby providing assurance around key partner's business continuity arrangements.

6 Managing Resources

As a district council no assessment was required for KLOE 3.1 or 3.2.

KLOE 3.3 - Does the organisation plan, organise and develop its workforce effectively to support the achievement of its strategic priorities?

The attraction of suitably qualified candidates by all recruitment advertisements is being managed by the Recruitment section ensuring the use of targeted advertising and working in partnership with St Albans D.C as appropriate. Stevenage Borough Council led a consortium of local authorities within Hertfordshire and has put in place a five year contract for the provision of temporary staffing through Comensura. From November 2007 to and including week ending 11th January '09, the Council's cashable savings were £31,270 and the total savings for the Consortium were £240,583.

An awards scheme is in place where the good things that employees have done are rewarded in a prize giving ceremony. This ensures that employee work that may not necessarily be rewarded through pay increases or promotion (through corporate restrictions) are recognised. These awards would capture initiatives designed to benefit the community.

The current Head of HR and OD is an appointment from the County Council working at Stevenage Borough Council on a 2 year secondment through the Pathfinder Programme. This has enabled the Council to strength the HR function and recruit to posts which have been difficult to recruit to. This mitigates risks arising from having an inadequate HR function, e.g. employee claims, high employee turnover.

The Council has evaluated the diversity of the organisation. A Human Resources Manager is meeting with each Head to commence the development of action plans to support tailored diversity development in the areas of recruitment, performance and development. This exercise is separate to annual forecasting of staffing needs which plans how to deliver the organisation's resources future needs.

The HR strategy supports the achievement of the council's strategic and other objectives by leading corporately on the development, delivery and management of high quality HR practices and policies and through the continuing maintenance and development of a multi-skilled and flexible workforce. The Performance and Development Scheme is linked to the objectives of the Council and each individual employee's objectives support the Council's ambitions, vision and values. Training plans are developed on the back of appraisal meetings and are bespoke to the needs of the employee.

The HR Recruitment Team monitors compliance with the Vacancy Management policy. HR report activity and compliance to Senior Management Board on a quarterly basis. Monitoring includes both recruitment activity and the alternatives to permanent recruitment set out in the policy. 'You at Work' demonstrated an employee total reward system to HR which benefits the Council and its employees in various ways, e.g. through lower staff turnover.

The Council achieved Level 3 in the Local Government Equalities Standard.

Training is offered to staff on change management, but this is through managers being able to attend external training, rather than managers having to attend. No evidence has been provided around employee satisfaction as a result of changes (although we note that the main changes are happening in 2009/10).

Recommendation 10 - Employee satisfaction and change management

The Council should use employee satisfaction data to measure the effectiveness of change management programmes that it is undertaking and use the lessons learned from these processes to inform future change management processes.

A Action plan

No.	Recommendation	Priority	Management response	Implementation details
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No.	Recommendation	Priority	Management response	Implementation details
1	<p>Demonstrating material outcomes from actions taken by the Council.</p> <p>The Council should continue to take action to identify additional efficiencies in the budget to demonstrate that the Council's finances are structured to support priorities.</p> <p>The medium term financial strategy should demonstrate how funding is allocated to achieving the Council's strategic priorities.</p>	High	<p>The Council continues to identify efficiencies in order to address any identified budget gap and deliver efficient services.</p> <p>When considering savings options, Members prioritise front-line service delivery, maintaining service standards for residents. Budget cuts focus on changes to support services that will not impact on delivery.</p> <p>As a result of this process, £2m of savings were identified for 2009/10 and just 4% of savings selected resulted in any service cuts.</p>	<p>The 2010/11 budget setting process identified a budget gap of £1.375m.</p> <p>The focus will continue to be on the delivery of outcomes for the community. £1.6m of savings has been identified for 2010/11 and £770,000 of this relates to changes in support services.</p> <p>In addition, growth bids agreed have focussed on delivery of strategic priorities, such as responding to the impact of the recession in our community.</p> <p>We are also estimating a contribution to Balances in the 2010/11 budget to expand capacity, which will help us achieve our ambition, 'Move towards excellence'</p>

No.	Recommendation	Priority	Management response	Implementation details
2	<p>Statement of Accounts</p> <p>The Statement of Accounts should be prepared so that only disclosures that are necessary to comply with the local government statement of recommended practice are included in the accounts. Where members have required additional information to explain balances this information should be included within the Explanatory Foreword.</p> <p>The Council should consider the impact of the introduction of International Financial Reporting Standards from 2010/11 on the financial statements.</p>	Medium	The Council's accounts are designed to help the reader, particularly Members, understand the information presented.	<p>The following notes in the statement of accounts will be moved to the foreword in future presentations:</p> <ul style="list-style-type: none"> • Note 8 – variances in Net Spend • Note 17 - Debtors • Note 20 – Creditors and Receipts in Advance <p>IFRS: Key officers are keeping up to date with regulations, including IFRS, through attendance at seminars and purchase of necessary manuals.</p>
3	<p>Submitting returns for audit or certification</p> <p>The Council should submit information to grant paying bodies and the external auditor as appropriate in line with the deadlines set.</p>	Medium	The Council recognises that there were some difficulties with the Logasnet system during 2008/09.	The Council will endeavour to complete grant claims in line with deadlines set.

No.	Recommendation	Priority	Management response	Implementation details
4	<p>Ensuring that cash savings arising from service reviews are realised</p> <p>The Council's internal reporting should include specific indicators that clearly demonstrate how the Council is achieving cash savings from service reviews undertaken.</p>	Medium	Success against delivering savings options is reported quarterly to the Council's Executive, using a percentage achieved methodology.	<p>Success against delivering savings options will also be reported to the Council's Strategic Management Board in 2010/11, using a percentage achieved methodology.</p> <p>We will continue to use NI179 methodology to assess and report whether options are delivering a service cut or 'efficiency'.</p>
5	<p>Social, economic and environmental outcomes</p> <p>The Council should ensure that the social, economic and environmental outcomes are clearly and transparently reflected into the decision making process for procuring and commissioning services..</p>	Medium	Savings Options presented to Members clearly set out the environmental considerations and impact on stakeholders.	<p>Procurement relating to the Council's main programme of change will form part of the reviewed programme/project management activity, for which a key requirement on project initiation will be consideration of social, economic and environmental outcomes.</p> <p>Risk monitoring will form an integral part of the project management framework.</p>

No.	Recommendation	Priority	Management response	Implementation details
6	<p>Ethics training</p> <p>Training records for members on ethical matters, including member conduct should be maintained to demonstrate that members understand the need for high levels of ethical conduct.</p>	Medium	Commenced development of a Member Training Database October 2009.	See below
7	<p>Member development plans</p> <p>The Council should look to introduce member development plans as a matter of best practice.</p>	Medium	The Member Database (above) will be used to carry out gap analysis to determine individual Member training needs with an initial focus on Portfolio Holders.	In liaison with Members, individual Member Development Plans will be determined during 2010/11.

No.	Recommendation	Priority	Management response	Implementation details
8	<p>Reporting outcomes from risk management</p> <p>The Council's internal reporting should include specific indicators that clearly demonstrate how the Council is achieving outcomes on major projects, including outcomes of actions taken through risk analysis.</p>	High	Key projects are aligned to the Council's priorities. Progress on delivering our priorities is measured through specific indicators and outcomes by monitoring the trend of specific satisfaction measures.	The Council is currently reviewing Programme and Project Management arrangements. The consideration of risk will form an integral part of project management arrangements. Success in achieving milestones and delivering outcomes on major projects will be monitored as part of this process and reported using the Balanced Scorecard.
9	<p>Counter fraud objectives</p> <p>The Council should set a series of counter fraud objectives and monitor performance against these to the Audit Committee to effectively communicate how the Council increases fraud awareness and reduces actual frauds committed against the Council, e.g. reporting progress in the National Fraud Initiative.</p>	Medium	Agreed	Officers will produce an end of year report on Counter Fraud Activity carried out by the Council. First submission will be made to the Audit Committee in June 2010.

No.	Recommendation	Priority	Management response	Implementation details
10	<p>Employee satisfaction and change management</p> <p>The Council should use employee satisfaction data to measure the effectiveness of change management programmes that it is undertaking and use the lessons learned from these processes to inform future change management processes.</p>	Low	Agreed - A formal consultation template has been developed to consult on employee change and capture employee feedback.	The consultation template will be further enhanced during 2010/11 and employee feedback collected through this process will be used to feed into the review of the Council's Managing Organisational Change Policy.

B Comprehensive Area Assessment and the new Use of Resources Framework

The Old Use of Resources Regime

Local authorities' Use of Resources ("UoR") has been assessed by external auditors under the Comprehensive Performance Assessment ("CPA") regime since 2005. Until 2008, this took the form of an assessment in each of the following 5 areas:

- Financial Reporting
- Financial Management
- Financial Standing
- Internal Control
- Value for Money

Authorities received an overall UoR score, and a score for each area as set out below:

Score	Key
1	Below minimum requirements - performing inadequately
2	At only minimum requirements - performing adequately
3	Consistently above minimum requirements - performing well
4	Well above minimum requirements - performing strongly

This score directly influenced each organisation's overall CPA score and had a significant impact on external perception and reputation.

The move to Comprehensive Area Assessment

The CPA regime provided an effective roadmap and stimulus for improvement, which helped many authorities to move in the right direction, focusing on externally validated strengths and weaknesses. This was reflected by a national picture of gradually improving scores and assessment results from 2005-8, and improving services to the public.

However, in order to build on the success of CPA, the Audit Commission recognised the need to:

- Ask "how well are people served by their local public services?" rather than "how well are people served by their Councils?".
- Focus on outcomes for an area, not just on individual organisations.
- Consider local priorities rather than apply a "one-size fits all" approach.

- Consider whether performance is likely to improve in the future, rather than how it has improved in the past.
- Place less importance on compliance and rules to reflect local differences.

In late 2007 the Audit Commission began to consult on a new framework for comprehensive area assessment ("CAA"), of which an updated UoR assessment would be a key component. The CAA framework that emerged focuses on areas rather than the organisations within them, and holds local partners jointly to account for their impact on the things that matter to the area as a whole. The CAA asks three key questions:

- How well do local priorities express community needs and aspirations?
- How well are the outcomes and improvements needed being delivered?
- What are the prospects for future improvement?

The CAA does not give an overall score, as was the case for CPA. However, there will be green flags given for innovative or exceptional performance and red flags given to indicate concerns about outcomes and performance.

CAA - key changes

CPA	CAA
Local government focus	All sectors and partners
Institution based	Area based
One size fits all	Focus on local priorities
Performance	Outcomes and perceptions
Collaboration between regulators	Joint assessment
Cyclical inspection	Continuous assessment, proportionate inspection
Focus on past performance	Focus on future improvement

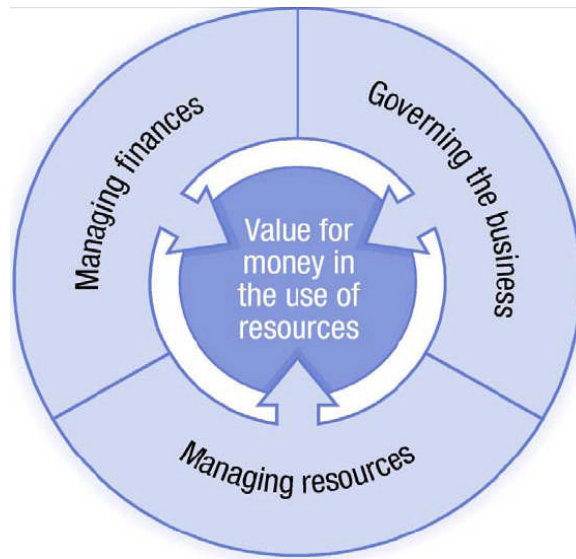
Source:- Audit Commission

Use of Resources under CAA

Alongside the area assessment, CAA will include organisational assessments for key public sector organisations including councils, primary care trusts (PCTs), police forces and fire authorities. Each organisational assessment consists of two components; an assessment of how effectively the organisation is addressing its own priorities, called "managing performance" for councils, and an updated UoR assessment will be applied similarly across the different types of organisation.

The new UoR framework under CAA applies from 2008/09. The diagram below shows the overall approach to the revised UoR framework. There are three themes replacing the five areas included in the old framework, and a number of key lines of enquiry (KLOEs) within each theme.

Use of Resources under CAA (source: the Audit Commission)



The individual KLOEs for each theme are detailed in the main body of this document. Scoring criteria are set out in appendix C.

C Scoring criteria and rules

The table below summarises the criteria used to reach scored judgements for each KLOE.

Level 2 Performs adequately	Level 3 Performs well	Level 4 Performs excellently
Arrangements consistent with established professional practice and guidance, meet statutory requirements and operate effectively.	Implemented effective arrangements that are: <ul style="list-style-type: none"> ➤ forward looking and proactive in identifying and developing opportunities for improvement; and ➤ include more sophisticated measuring and assessment techniques. 	Demonstrating innovation or best practice .
Arrangements sufficient to address the KLOE.	Outputs and outcomes demonstrate arrangements which are effective and have the intended impact , and show evidence of effective partnership working .	Demonstrating strong outcomes for the community including through partnership working .
Arrangements achieve minimum acceptable levels of performance .	Evidence of performing consistently above minimum acceptable levels and achieving VFM .	Evidence of performing well above minimum acceptable levels and achieving excellent VFM .

Theme scores are derived from a numerical average of the KLOE scores within that theme. In some cases such as theme 2 or theme 3 when only 2 out of 3 KLOEs are assessed, the average of KLOE scores could result in a number ending in .5. In such cases the following rules apply in 2008/9:

- For theme 2, if the average KLOE score ends in 0.5, then the theme score will be rounded up or down to the score for KLOE 2.2. Examples - KLOE scores of 3,2,2,2 = theme score of 2. KLOE scores of 3,2,3,2 = theme score of 2. KLOE scores of 2,3,3,2 = theme score of 3.
- For theme 3, if the average KLOE score ends in 0.5, then the theme score will be rounded up or down to the score for KLOE 3.1. Examples - KLOE scores of 3,2 = theme score of 3. KLOE scores of 2,3 = theme score of 2.

The Audit Commission document at the link below details the overall approach to UoR framework and full details of scoring methodology.

<http://www.audit-commission.gov.uk/SiteCollectionDocuments/Downloads/uorframework2008updatefeb09.pdf>

In addition the Commission published auditor guidance for the UoR framework. This is available at the link below. This provides details of the specific KLOE's and expected indicators for levels of performance:

<http://www.audit-commission.gov.uk/localgov/audit/UoR/Pages/guidance.aspx>

D Key Lines of Enquiries specified for assessment in 2008/9 and 2009/10

Some KLOEs are assessed on a rotating basis. The table below summarises the KLOEs that were assessed and formed the basis for the VfM conclusion in 2008/9:

Theme 1 - Managing finances		Single tier or county council	Districts	NHS PCT's
1.1	Financial planning	Y	Y	Y
1.2	Understanding costs	Y	Y	Y
1.3	Financial reporting	Y	Y	Y
Theme 2 - Governing the business				
2.1	Commissioning and procurement	Y	Y	WCC
2.2	Use of data	Y	Y	Y
2.3	Good governance	Y	Y	Y
2.4	Internal control	Y	Y	Y
Theme 3 - Managing resources				
3.1	Environmental management	Y	N	N
3.2	Asset management	Y	N	Y*
3.3	Workforce management	N	Y	Y

*only assessed at PCT's with a significant asset base.

For the 2009/10 assessment, the KLOEs overleaf will be assessed and will form the basis for the VfM conclusion. Scores achieved in 2008/9 will continue to apply for 2009/10 for those KLOEs not being assessed in year 2.

Theme 1 - Managing finances		Single tier or county council	Districts	NHS PCTs
1.1	Financial planning	Y	Y	Y
1.2	Understanding costs	Y	Y	Y
1.3	Financial reporting	Y	Y	Y
Theme 2 - Governing the business				
2.1	Commissioning and procurement	Y	Y	WCC
2.2	Use of data	Y	Y	Y
2.3	Good governance	Y	Y	Y
2.4	Internal control	Y	Y	Y
Theme 3 - Managing resources				
3.1	Environmental management	N	Y	Y
3.2	Asset management	Y	N	N
3.3	Workforce management	Y	N	Y

*only assessed at PCTs with a significant asset base.

Full details of the scoring methodology are provided at the Audit Commission's website at:

<http://www.audit-commission.gov.uk/SiteCollectionDocuments/Downloads/uorframework2008updatefeb09.pdf>



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