

Other Bodies/Individuals

FINAL DECISION YES

SUGGESTED NEXT STEPS:

Details to be specified

Further consideration by this Committee

To Council

To Cabinet

To an O & S Committee

To an Area Committee

Further Consultation

Agenda No

Audit & Standards Committee - 23rd November 2009.

Use of Resources 2008/2009

Report of the Strategic Director, Resources

Recommendation

That the Committee considers the Audit Commission's 2008/2009 Use of Resources assessment.

1. Introduction

- 1.1 The County Council is assessed every year against the Use of Resources criteria. For 2008/09 a new model of assessment has been introduced which broadens the areas being assessed.
- 1.2 Under the old model used in 2007/08 the Authority achieved a Level 4 (out of 4) rating. Under the revised model used for the 2008/09 assessment the Authority has achieved Level 3.
- 1.3 Attached at **Appendix A** is the formal assessment feedback from the Audit Commission. A representative from the Audit Commission will be at the meeting to answer questions regarding the County Council's assessment.

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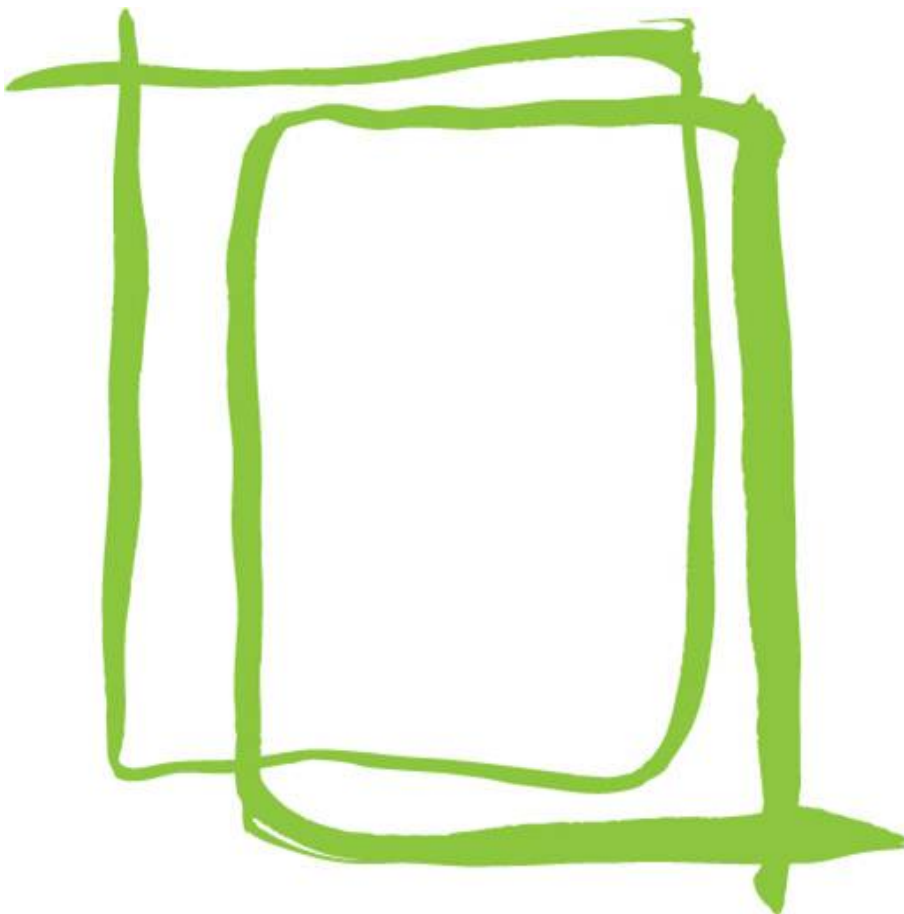
11 November 2009

Use of Resources

Warwickshire County Council

Audit 2008/09

November 2009



Contents

Summary	3
Introduction	4
Use of resources judgements	6
Use of resources 2009/10	9
Appendix 1 – Use of resources key findings and conclusions	10

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.

Summary

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

- 1** This is the first year of the Audit Commission's new process for assessing Use of Resources. The new methodology sets higher standards and assesses a number of new areas. These include how the Authority manages environmental sustainability and how effectively it uses natural resources such as water and energy.
- 2** Warwickshire County Council has done well in achieving a score of 3 out of 4. It has good financial plans and manages its spending well. It is able to make difficult decisions that will enable it to improve. It is making sure that money is moved into areas that are top priorities. Although its finances are being hit hard by the recession, it has shown that it is good at improving efficiency and saving money. The Council has a good handle on costs and knows how its services compare so that it can improve where needed.
- 3** The Council has sound arrangements in place to manage its assets and is making good progress in managing the environment, but there is still has room for improvement. A climate change strategy was developed in 2006 which includes information about its total energy use and resultant CO2 emissions and the amount of CO2 from staff travel. However, the strategy does not include data about the Council's use of water or other natural resources. It is working with partners and staff to gain their commitment to more sustainable ways of working but is not yet able to produce baseline data yet for a number of targets.
- 4** Our detailed findings are shown in Appendix 1.

Introduction

- 5 This report sets out our conclusions on how well Warwickshire County 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.
- 6 In forming the 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 the Warwickshire County Council to mitigate the risk and plan our work accordingly.

Use of resources framework

- 7 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.
- 8 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.
- 9 The Commission specifies in its [annual work programme and fees document](#), which KLOE are assessed over the coming year.
- 10 Judgements have been made for each KLOE using the Commission's current four point scale from 1 to 4, with 4 being the highest, please see Table 1. Level 1 represents a failure to meet the minimum requirements at level 2.

Table 1 **Levels of performance**

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

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

Use of resources judgements

Scored judgements

11 Warwickshire County Council's use of resources theme scores are shown in Table 2.

Table 2 Use of resources theme scores

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

Managing finances

- 12 The Council has a number of strengths in this area which have clearly lead to improved outcomes for local people. Finance and performance planning is integrated at strategic level with investment targeted at the council's priorities. There is a good track record of managing spending within resources, and this has continued despite the difficult climate. There is clear evidence that overspends are dealt with promptly, and revised plans approved.
- 13 There is a good understanding of costs and how these compare. Major investments are subject to whole life financial modelling, and the use of transaction costs is improving and starting to inform efficiency plans. The Council has an excellent track record of identifying the scope for making efficiencies and delivering on them, again this has continued with examples in social care and rail travel.
- 14 There is a real commitment to sound and intelligible financial reporting. This is despite the limitations of the current general ledger system and the need to produce a set of financial statements that are compliant with the Statement of Recommended Practice, (SoRP).

Governing the business

- 15** This area has four sub themes, commissioning and procurement, data quality, good governance and internal control. Three of these sub themes scored at a level 3, with the remaining one of data quality scoring a 2.
- 16** Data on inequality is used in addition to corporate priorities to drive service design in commissioning and procurement. In addition there is clear evidence of how the Council engages with the public in commissioning services. There are a number of examples of how focusing on improving the customer service has led to savings and an improvement in service quality.
- 17** The Council secures good data quality; however there are still weaknesses that need to be addressed. These include:
- improving the arrangements for ensuring data quality from third parties, and
 - gathering baseline data for targets relating to environmental sustainability.
- 18** There is some good information presented to decision makers which has led to improved performance monitoring during 2008/09. Business plans for 2009/10 have clear and explicit information about spending and capital; however they lack information about charges and income. Similarly committee reports are clear; however some reviewed lacked the financial dimension necessary to give members the full picture.
- 19** There is a clear link between corporate governance arrangements and the purpose and vision of the Council. Members receive a thorough induction upon commencement of appointment, with various training opportunities provided for all members during the year. There is a good level of awareness of the need to record interest and gifts and hospitality. Staff are aware of both the anti fraud and whistle blowing policies, with concerns being dealt with appropriately.
- 20** Controls are in place to ensure compliance with the Council's risk management policies and processes. There is a cross directorate corporate risk management group with clear responsibility for promoting the policy and ensuring compliance. Internal control is generally considered sound with plans in place to address the weaknesses identified within the HR service centre.

Managing resources

- 21** The Council has made a good progress in its approach to the use of natural resources, however the following weaknesses were identified.
- The climate change strategy includes information about its total energy use and the resultant emissions and the amount of Co2 from staff travel, however it does not include data on the use of water or other natural resources.
 - The Council is not able to produce baseline data for a number of targets relating to environmental sustainability.
 - The Council is reducing the amount of waste sent to landfill and with partners is increasing recycling rate in the county, unfortunately as new waste treatment facilities were not available in time, recyclable waste is being transported long distances outside the county.
 - The Council works in partnership with over 100 organisations to reduce environmental impacts, however, it is not possible to establish the impact of these. Also the partnership does not have the health sector which is one of the biggest emitters of Co2 in the county.
- 22** The Council has an established strategic approach to asset management. Asset management is enabling the delivery of corporate priorities; however some of this has been stalled as a result of the recession. Good property information is available and this is being used to manage the asset base well, however the current level of investment in property maintenance is only slowing the rate of deterioration, not making inroads into improvement.

Detailed findings

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

Use of resources 2009/10

- 24** The key lines of enquiry specified for the assessment are set out in the Audit Commission's work programme and scales of fees 2009/10. Our work on use of resources informs the 2009/10 value for money conclusion. In our letter of 27th April 2009 about the audit fee for 2009/10, we did not identify any significant risks in relation to the value for money conclusion.
- 25** KLOE 3.1 - Natural resources will not be assessed for single tier and county councils in 2009/10. We have also considered any additional risks arising from my 2008/09 value for money conclusion.
- 26** We have identified the following additional risk in relation to our value for money conclusion.

Table 3 Additional risk

Risk	Planned work	Timing of work
For 2009/10 it is anticipated that we will undertake the work as far as possible in the period under review, consequentially this will be during February and March. In addition we will also be looking at workforce planning for the first time under these arrangements.	Discuss with officers the timetable for the work, and agree a significantly reduced request for information.	November to agree information request. February/March undertake fieldwork.

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 4 Theme 1 - managing finances

Theme 1 score	3
Key findings and conclusions	
<p>The Council can demonstrate that financial planning is contributing to better outcomes in priority areas. There has been a continued shift to invest in priority areas, most significantly adult social care. Overall the Council is a low spending authority and has a good track record of managing spending within its available resources. WCC has a good understanding of costs and unit costs and how these compare. The Council has an excellent track record of identifying scope for making efficiencies and delivering against its efficiency targets. Financial reporting is good with information being acted on to deliver outcomes. Public facing reporting is considered, with particular emphasis on the statement of accounts.</p>	

KLOE 1.1 (financial planning) score	3
Key findings and conclusions	
<p>The MTFP shows that finance and performance planning is integrated at strategic level. It clearly shows that investment is targeted at the council's priorities. It has modelled the potential impact of varying levels of council tax increases/known spending pressures/the reserves and balances and required efficiency savings. It has also undertaken a financial risk assessment. The Council can demonstrate that financial planning is contributing to better outcomes in priority areas. There has been a continued shift to invest in priority areas, most significantly adult social care. Efficiency savings are being re-invested into the service to support service transformation. This is aligned with the council priority for older people.</p> <p>The council conducts formal consultation with its citizen's panel, plus the 2009/10 budget attracted significant public comment. The proposed introduction of charges for library services was revised following the consultation.</p> <p>Overall the council is a low spending authority and it has a good track record of managing spending within its available resources. 2008/09 saw some unprecedented circumstances which impacted upon the Council's income and spending. Although there were some overspends these were quickly identified and plans put into place to minimise this. Overall the council managed the budget well given the circumstances whilst continuing to improve service performance and efficiency. The MTFP identifies the budget pressures faced by the Council including the impact of reducing incomes, capital receipts, demand on services and new legislation. It shows how the focus on priorities will be maintained despite these pressures whilst still achieving financial stability in the medium term. The Council is effective at managing its spending within available resources. An overspend in the environment and economy directorate of £1.6m was attributed to the sudden increase in electricity charges at a time when the street lighting contract was being reviewed. An extremely harsh winter also meant that spending on winter maintenance was higher than planned. These issues were dealt with promptly, additional budgets were approved and plans put in place to minimise the overspends. The Council targeted 10 of its schools with substantial surpluses in 2007/08 clawing back £250k. This has also sent a clear message that schools should not hold very high surpluses, school balances have reduced by £3.6m during 2008/09.</p> <p>The Council has strong and focused financial leadership. Senior officers and Members demonstrate financial awareness and systems are in place to ensure that the focus is on corporate priorities and not service silos. The Council introduced a Star Chamber where heads of service are questioned about budgets and efficiencies. This ensures ownership and better understanding of spending and savings decisions. The process involves all strategic directors and heads of service. Resource allocation was considered on the basis of priorities, but also in terms of better aligning resources to service delivery.</p>	

KLOE 1.2 (understanding costs and achieving efficiencies) score	2
Key findings and conclusions	
<p>The Council has a good understanding of costs and unit costs and how these compare. Information about spend per head and unit costs is benchmarked routinely across in most areas. The use of transaction costs is still patchy but has been used effectively to inform efficiency plans for adult and social care. The HR transaction service centre project and support services review has pointed to where efficiencies can be made. The use of whole life costings is evident. Major investments such as project Transform are subject to whole life financial modelling and this is clear in the business case.</p> <p>There are good corporate systems in place to ensure that performance and financial information is integral to proposals for new investment/decommissioning. Budget planning takes account of performance and cost and the achievement of VFM in commissioning services in adult and social care has been helped by a VFM tool. Libraries have compared pricing and services elsewhere to inform its decision to introduce charges for services that were previously free of charge. Proposals for investing/developing new schools have asked for member support without clarity over the financial picture as part of the overall case for change.</p> <p>The Council has an excellent track record of identifying the scope for making efficiencies and delivering against its efficiency targets. It has conducted a series of VFM reviews, the outcome of which are now clearly visible in the budgets and business plans for 2009/10. It is identifying opportunities to deliver efficiencies across directorates through for example its energy management group. The Council has a long history of delivery efficiency savings, prior to the budget process in 2008/09 efficiency targets were generally 2 to 2.5 per cent across the board. The council applies differential targets, and allows end of year underspends to be carried forward to avoid the use or lose culture. The council identifies the scope for making efficiencies. Hand held devices are being used for social care services to allow electronic update of case files. Two teams piloted this in 2008 and all social work teams will operate this way by the end of 2009. They can demonstrate that they are delivering 30 per cent productivity savings and can quantify reduced mileage, but not it's environmental impact. Also leading to reduced office space requirement once fully implemented. The council has a good handle on cross cutting expenditure. Finance is decentralised but the council has a structure of people working across areas for example energy/transport where one person is the procurement manager, he has entered negotiations with Chiltern rail and has secured savings of 20 per cent on all rail travel.</p>	

KLOE 1.3 (financial reporting) score	3
Key findings and conclusions	
<p>Managers have real time on line access to the financial systems and can produce specialist reports. Self assessment confirms that managers use forecasts rather than profiles to monitor their budgets. Forecasts are subject to risk and sensitivity analysis. The Cabinet quarterly monitoring reports demonstrate that budget monitoring and forecasting is reliable, relevant and understandable. This allows for prompt action to address variances. Monitoring and action taken on items at a lower level than the Cabinet reports, contribute to timely and efficient closedown (ie monthly action taken on debt recovery, internal and external invoices). Internal financial monitoring ensures a clear link between the budget, in-year forecasts and actual year end position. This aids timely and efficient accounts closure. There is monitoring in place in target areas where efficiencies could be made ie aiming to reduce the number of 'high volume, low value' transactions and bad debts. Action was taken to reduce the costs of rail travel; a positive outcome was achieved in that 20 per cent savings are now being made. There are examples to demonstrate that WCC has reviewed the financial performance of significant partnerships. This is linked to the outputs of the partnerships ie steps are taken in the short term to deliver the bigger picture in the longer term.</p> <p>Capital and revenue budgets are monitored throughout the year. These are accrued as they forecast to the year end based on currently available information. Anti-fraud and corruption arrangements extend to partnerships and the Council ensures these arrangements are clear to those involved in partnerships. There is a clear link between corporate governance arrangements and the purpose and vision of the Council. The Council has taken action to manage potential overspends to limit the impact on service delivery and on achieving corporate priorities.</p> <p>Performance against business plan targets is reported to Cabinet and Overview and Scrutiny Committees throughout the year. Reports give details of remedial action to be taken where necessary. Finance and performance reports are linked to corporate objectives so that financial performance can be overseen across the Council.</p> <p>The Council manages a detailed accounts closedown plan. Closedown arrangements are robust with the plan being communicated to all involved in a timely manner and being well organised by the Accounting Services Team Leader. Guidance is issued to managers in the directorates. The closedown process is as well resourced as possible with good distribution of tasks amongst the parties involved. Regular meetings between external audit and finance demonstrate that the Council is proactive in identifying accounting changes and issues. Possible solutions are considered in advance of the accounts audit and discussed with the auditors. Any decisions made have supporting evidence. There are some examples where the Council have been proactive in identifying and addressing changes to accounting and reporting standards ie pension disclosures and planning for the upcoming transition to financial reporting under IFRS. The 2008/09 accounts issues reported to those charged with governance were not significant.</p> <p>The 2007/08 accounts and annual audit letter are easily accessible from the Council's website. They are presented as Adobe documents but there is a number to contact if an alternative format is required. The accounts are presented in a 'plain English' format. The website invites comments from the public and provides contact details. The Council has produced five documents under the title of an annual report. The website explains that the separate documents aid access and reduce costs. Arrangements for external reporting are considered to be timely, understandable and accessible.</p>	

Table 5 Theme 2 - governing the business

Theme 2 score	3
Key findings and conclusions	
<p>The Council is low spending with high quality services. VFM reviews were targeted and have resulted in differential efficiency targets for the 2nd year based on intelligence developed through the reviews. Finding £13m efficiencies for 2009/10 has been achieved through having a better understanding of relative VFM and clarity over priorities and narrowing the gaps. The council secures good quality data, however arrangements for ensuring data quality from third parties is still developing. The results of the corporate governance audit support the conclusion that staff and members exhibit high standards of personal conduct. There are various training opportunities for members, feedback is gathered from this training and acted on to improve future events. The Council has controls in place to ensure compliance with the Council's risk management policy and processes. In Economy and Environment effective risk management enabled the Council to assess the impact of recession early with its partners involve in the Camp Hill regeneration project. As a result the project is still moving forward. The Council has a zero tolerance culture towards fraud and corruption. This is promoted in all associated documents and via media streams to staff, members and the public. There is evidence that the audit committee provides effective challenge in terms of examining the results of audit reports and taking action where further work or improvements are required.</p>	

KLOE 2.1 (commissioning and procurement) score	3
Key findings and conclusions	
<p>The corporate plan clearly identifies four priorities for improvement and investment. These are well understood and are driving service design, commissioning and procurement. Data on inequality is also used to target service improvement and investment. For example, proposals for the Academy in Nuneaton and Bedworth are supported by clear evidence of inequality and inefficiency in the current provision. When developing plans for schools - surplus spaces/attainment/deprivation and asset condition are key inputs. Plans also use demographic trend analysis to forecast future pupil numbers. The Council is clear on what it is aiming to achieve.</p> <p>The Council is involving a range of stakeholders in commissioning services. Large developments such as Nuneaton town centre master planning and road infrastructure investments include detailed user or resident consultation which informs the final specification. Similarly in Warwick, local people input to the final design of a new bus station which opened in 2008.</p> <p>There is evidence that engagement with the gypsy and traveller community has helped shape the Councils policies and has led to increased investment and pitches in the county</p> <p>The Council has a clear focus on improving the customer experience quality and value for money. It is doing this through projects like the joint one stop shops with partners. It is using IT to redesign services for example centralized HR systems and mobile ICT for social care services. The modernization programme in adult and social care includes a shift away from residential care to extra care provision to facilitate independency for older people. New school buildings such as the North Leamington School project sees the replacement of a worn out asset and the installation of better ICT in a building that is more sustainable. Plans for improving the value for money from the Library Service will see more use of ICT and self help services helping to drive costs closer to the average. It is estimated £1million p.a. savings would result from increasing website customer traffic.</p> <p>The Council has a good understanding of the adult social care and children’s social care markets and is developing these locally to improve VFM and outcomes for local people. For example, the south of the county is continuing to see its elderly population grow whilst there has been a reduction in the availability of residential care beds. These market forces have resulted in a policy to increase standard fee rates and new partnerships with private providers to increase capacity and a strategy to manage the care market. There is a clear policy to pay above average rates for foster care to minimise the number of children in residential care. Regeneration work in Camp Hill is not being held up by the impact of the recession. Plans for new housing have been re-configured and social housing numbers increased and brought forward to overcome the difficult market conditions in the construction industry. Cuts in some peripheral services have been identified through a good understanding of the supply market.</p> <p>The Council is pursuing TWO PFI contracts with other partners in the sub –region. These have involved evaluating different options for the future</p> <p>The decision to bring Warwickshire care homes back in house has been subject to options appraisals. The customer service centre has enabled residents to have one single port of call for all telephone enquiries.</p> <p>The Council is low spending with high quality services. VFM reviews were targeted and have resulted in differential efficiency targets for the 2nd year based on intelligence developed through the reviews. Finding £13 million efficiencies for 2009/10 has been achieved through having a better understanding of relative VFM and clarity over priorities and narrowing the gaps.</p>	

KLOE 2.2 (data quality and use of information) score	2
Key findings and conclusions	
<p>The Council secures good quality data, it has guidance and policies in place to support data recording and reporting and there are clearly defined DQ champions and owners. However, arrangements for ensuring data quality from third parties is still developing as are arrangements for reviewing and validating data quality are not fully embedded or complied with. Data particularly from heath partners is incomplete and often not timely. (Eg DAT information). The Council is not able to produce baseline data yet for a number of targets relating to environmental sustainability. The Economy and Environment business plan 2009 to 2012 does not have any current data or targets for NI185 (CO2 reduction from LA activities Nox emissions PM10 emissions and congestion. 2009/10 is the baseline year. It has a common assessment framework project - WCC one of eight areas and WCC leading on this in this area. It is developing new ways of doing joint assessments with adults developing a system to enable this. This is still at early stages</p> <p>The Council has good clear information presented to decision makers. There has been an internal review on the corporate report card and its findings have led to improvement for monitoring performance in 2008/09. Under-performance is clearly identified together with remedial actions to get performance back on track. Business plans for 2009/10 have clear and explicit information about spending and capital including where efficiency savings are being made. However, they lack information about charges and income from charged services. The Council reports on the performance of its asset base on an annual basis. Reports are clear and contain comparative information to enable stakeholders to see how the Council is performing in this area.</p> <p>Some papers to Members lack the financial dimension and without this decisions could be made without a full picture, however members are informed of this information through working groups and other reporting mechanisms.</p> <p>WCC signed up to government data security training. Security arrangements are in place for the Council's business critical performance information systems although there are some gaps. Directorates are at differing stages in putting into place directorate level business continuity plans. A Business Continuity Management Strategy was introduced in December 2007 and this provides a framework for delivering the corporate business continuity management policy. Although its impact has not been fully felt this helps embed the corporate message on the importance of ensuring that business critical information systems are secure. The resources business plan 2009 to 2012 identifies a risk in that continuity plans for all areas are not complete or tested. There is an action to have this completed by 30 June 2009.</p> <p>A balanced scorecard of measures is used to ensure the overall health of the organisation is kept under close scrutiny. Warwickshire Observatory is used extensively to identify needs and trends. The state of Warwickshire report supports performance management. Business plans include horizon scanning both internal and external to ensure that services are aware of the operating context and drivers for change. There are good arrangements for using data collected to monitor and manage performance. Monthly DMTs now have a quarterly report on progress towards their business plan. There is a corporate approach to consultation. Results of consultation and feedback from users is used to target areas of under-performance. The partnership toolkit has been developed to enable an assessment of the effectiveness of partnerships and identify any gaps in facilitating their effectiveness. However this is not being fully utilised yet. There is a VFM tool used in supporting people that informs commissioning. Some partnership action plans lack output/outcome measures eg climate change partnership. Performance management of specific targets eg reduction in energy usage is reported through cross functional groups. There is a strong culture of performance management– Members seek quantitative assurance that the Council is delivering on its priorities (eg.audit committee)</p>	

KLOE 2.3 (good governance) score	3
Key findings and conclusions	
<p>The results of the 2007/08 Corporate Governance audit support the conclusion that staff and Members exhibit high standards of personal conduct. The 2008/09 AGS explains the scrutiny arrangements in place, and confirms that the scrutiny function has clear and appropriate roles and responsibilities. There is an Overview and Scrutiny strategy and work programme. This explains the content of the core work programme and is not too demanding to allow flexibility in responding to issues that may arise during the year. Each OSC reports annually to the Council on its work. There are training and development opportunities for all staff and the use of personal development plans to identify skills gaps. Members receive a thorough induction called 'Leading for Warwickshire' upon commencement of appointment. There are various training opportunities available for both new and existing Members. Members are supported to identify and address their own development needs through the use of PDPs and an externally provided facilitator. This helps to inform individual training requirements. The Council collects feedback from Members on training requirements and acts upon the results. The Council provides training to Members and staff who have risk management responsibilities. Corporate Governance training is available to both staff and Members. The Council then requests attendees to evaluate the training they have received to assess whether the training has been effective and if any improvements are required. This is demonstration of the Council building and supporting a strong governance environment.</p> <p>There is a clear link between corporate governance arrangements and the purpose and vision of the Council. The Council has set out outcomes which it intends to deliver to the local community; governance arrangements underpin the delivery of these outcomes. Councillors, partners and staff have a clear focus on the priorities and narrowing the gaps. This is maintained throughout the year despite the uncertainty of the external environment.</p> <p>IA's governance report to Audit and Standards Committee reports a good level of staff awareness of the need to record interests and gifts/hospitality. The Council has in place arrangements for monitoring compliance with this code of practice. There is evidence that staff are aware of the anti fraud and whistle blowing policies and this is supported by the fraud reported to IA in 2005/6 and the payroll fraud reported in 2006/07. The new starter's checklist includes reference to the staff roles and responsibilities document which sets out standards of conduct, although there is no specific mention of fraud prevention. However, as noted above, the Council can demonstrate a good anti-fraud culture. The whistle blowing arrangements are transparent and accessible both inside and outside the Council eg to the public, partners and contractors as well as to internal staff. Whistle blowing concerns are dealt with appropriately.</p> <p>The scheme of delegation, contained within the Constitution, refers specifically to partnerships. There is also a separate section on partnership working in the Constitution. Governance arrangements are in place for the LAA, the Council's most significant partnership, which commenced in 2007/08. Arrangements are in place to review partnership governance arrangements. There are good systems in place and strong work with the voluntary sector. There is evidence that the Council's significant partnerships have formally documented governance arrangements. The partnership objectives focus on achieving better outcomes for local people ie to encourage economic development and support local people who have been made redundant. There is also a Code of Conduct in place for partnership working; this covers arrangements for declaring interests, gifts and hospitality and whistle blowing.</p>	

KLOE 2.4 (risk management and internal control) score	3
Key findings and conclusions	
<p>The Council has controls in place to ensure compliance with the Council's risk management policy and processes. There is a cross directorate corporate risk management group with clear responsibility for promoting the policy and ensuring compliance. There is also a risk management project board which is overseeing the full development and implementation of the corporate approach to risk and contingency planning. There is evidence that the corporate risk management group has identified the Council's significant partnerships and is developing a database to keep track of them all. The risk management process requires that risks in relation to partnerships are identified and managed. Each partnership manager is responsible for the development and maintenance of a partnership risk register that captures the risks that may impact on the project objectives. The corporate risk management group reports to the Strategic Director for Performance and Development and to Cabinet via the Member Portfolio Holder. Although not explicitly called champions, they take the lead for implementing the risk strategy throughout the Council. The risk management process has considered the risks associated with the LAA. It has used a recently developed template and this clearly shows how the associated risks are being actively managed and the consequences if not. The Council's risk management strategy requires all strategic policy decision and project initiation documents to include a risk assessment. However, this does not necessarily mean that in practice this is fully complied with. At directorate level, risk mgt varies. In Economy and Environment, effective risk mgt enabled the Council to assess the impact of the recession early with its partners involved in the Camp Hill Regeneration project. By doing this the housing project is still 'live' and the benefits to local people are still being delivered.</p> <p>The Confidential Reporting policy is publicised on the website and confirms that support will be given to whistleblowers. There is evidence that fraud investigations are conducted in accordance with requirements and are carried out by appropriately trained staff. Action has been taken to address the control weaknesses identified from the 2005/06 payroll fraud. Cheque fraud at Stratford High School was picked up by internal controls in place (school's monthly bank reconciliation). Overall, there are arrangements in place to ensure action is taken to follow up weaknesses identified. The Council has a zero tolerance culture towards fraud and corruption. This is promoted in all associated documents and via media streams to staff, Members and the public. The strategy document states that the results of all proactive work will be publicised, including fraud investigations, successful sanctions and any recovery of losses due to fraud. This demonstrates steps taken towards creating a strong deterrent effect. Internal audit carry out fraud investigations and liaise with external authorities, ie the police, where necessary. National Quality Assurance have accredited this service and issued a ISO9000 certificate. This demonstrates that suitably trained and skilled staff are involved in fraud investigations. Anti-fraud and corruption arrangements extend to partnerships and the Council ensures these arrangements are clear to those involved in partnerships.</p> <p>The audit committee takes appropriate action to address issues raised in audit reports and monitors progress of the implementation of recommendations. There is evidence that the audit committee provides effective challenge in terms of examining the results of audit reports and taking action where further work or improvements are required. It is aware of the work undertaken by other committees (ie Overview and Scrutiny) so that knowledge and skills can be shared.</p>	

Table 6 Theme 3 - managing resources

Theme score	2
Key findings and conclusions	
<p>The Council developed a climate change strategy in 2006 in which it includes information about its total energy use and resultant CO2 emissions and the amount of CO2 from staff travel. The Council is not able to produce baseline data yet for a number of targets relating to environmental sustainability. The Council is establishing systems to manage its environmental performance. Six directorates have achieved ISO 14001 environmental management and a number of schools have signed up to the eco schools initiative. The Council has lots of individual projects which reduces its impact on the environment. The Council is reducing the amount of waste sent to landfill and with partners is increasing recycling rates in the county. The council has worked effectively with partners to reduce disruption of services through flooding. The Council has an established strategic approach to asset management. It links asset management with other policies to provide clear direction for development, acquisition and disposal of assets. Asset management is enabling the delivery of corporate priorities. The council has good property information and performance data to enable it to deliver VFM. The Council has undertaken a series of area property reviews to enable assets in an area to be assessed and rationalised across organisations including the third sector. The recession has meant that there can be little progress with implementing proposals in the short/medium term.</p>	

KLOE 3.1 (use of natural resources)	2
Key findings and conclusions	
<p>The Council developed a climate change strategy in 2006 in which is includes information about its total energy use and resultant CO2 emissions and the amount of CO2 from staff travel. However, the strategy does not include data about the Council's use of water or other natural resources. It is working with partners and staff to gain their commitment to more sustainable ways of working. The Council is not able to produce baseline data yet for a number of targets relating to environmental sustainability. The E&E business plan 2009-12 does not have any current data or targets for NI185 (CO2 reduction from LA activities Nox emissions PM10 emissions and congestion.</p> <p>The 2007/08 UoR found that the Council is not effectively using performance measures to evaluate how the Council's property portfolio contributes to the achievement of corporate objectives and improvement priorities. Although it is measuring performance for some environmental indicators targets for CO2/sq metre have remained unchanged since 2006/07. The Council is establishing systems to manage its environmental performance. All directorates have achieved ISO 14001 environmental mgt and a number of schools have signed up to the eco schools initiative. New schools developments are being designed to BREaM stds. The Council is procuring goods and services from sustainable sources and use recycled materials. The E&E directorate business plan does not include any targets for reducing directorate business mileage or other sustainability issues that could contribute to the climate change strategy. For example by reporting the number of developments that are generating or using renewables. The Council has lots of individual projects which reduces its impact on the environment. For example boiler replacement programme in schools, wind turbine at the country park. The Council has an energy group and energy manager specifically working to reduce energy usage and hence impact on the environment. There is a specific capital budget to support the work. This has been driven by financial reasons. The council is not making much progress with reducing CO2 from staff travel despite having a number of policies to encourage this. The resources business plan identifies a target for CO2 emissions that actually increase slightly in 2009/10 from 0.04 tonnes/sqmr in 2008/09 to 0.045 tonnes sqm in 2009/10. It also has an energy efficiency savings target of £50K from County Buildings in 2009/10. It also includes a key action to develop renewable energy strategy and action plan. Environmental performance is reported to the Environment and Sustainability board. They are responsible for monitoring ISO14001 compliance and delivering continuous improvements in terms of environmental. sustainability.</p> <p>The Council is reducing the amount of waste sent to landfill and with partners is increasing recycling rates in the County. Unfortunately, because new waste treatment facilities were not available in time, recyclable waste is being transported long distances outside the county. This at least in the short term is reducing the environmental benefits of the increase in recycling. The Council works in partnership with over 100 organisations to reduce environmental impacts. The partnership has a range of projects underway. However, it is not possible to establish how much CO2 is being 'saved' by these actions as the plan does not have any outcomes or targets for this. Also the partnership does not have the health sector which is one of the biggest emitters of CO2 in the county. This will limit its effectiveness. The Council has worked effectively with partners to reduce disruption of services through flooding. For example, a significant investment has been made to clear road gulleys, ditches and watercourses which were one of the main contributing sources of flowing in 2007/08.</p>	

KLOE 3.2 (strategic asset management)	2
Key findings and conclusions	
<p>The Council has an established strategic approach to asset management. It links asset mgt with ICT and HR strategies to provide clear direction for development, acquisition and disposal of assets. Asset management is enabling the delivery of corporate priorities for example in improving educational attainment and modernising care for older people. The Council has a strategic disposal programme but this has been stalled by the recession. Few deals are still 'live' as the market has failed. It is developing its strategic policy around using its land to support social housing although this is not yet in place. The Council has a corporate property function but some big service blocks such as children and young people have their own property function which makes it difficult to ensure a consistent corporate approach.</p> <p>The Council has good property information and performance data to enable it to deliver VFM. The Council managed its asset base well but the current level of investment in property maintenance is only slowing the rate of deterioration, not making inroads into improvement. In 2007/08 the Council did not have access to detail of running costs of its assets by property - for example energy consumption per building. Smart meters have been installed at major sites to help drive down consumption. The Council benchmarks its asset mgt performance against others against a range of indicators Investment in Council assets is closely linked to the Council's priorities and use whole life costing to justify the investment eg Atherstone Business Case. Investment in Salitisford has facilitated improvements in more modern ways of working and better access. Investments in the one stop shops are facilitating better access and use of partners' assets.</p> <p>The Council has undertaken a series of area property reviews to enable assets in an area to be assessed and rationalised across organisations including the third sector. The recession has meant that there can be little progress with implementing proposals in the short-medium term. The Council's customer access strategy has seen the creation of joint one stop shops and the Warwick site houses the local Post Office. The Council is developing proposals for use of land for affordable housing/community transfer.</p>	

The Audit Commission

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