

AGENDA MANAGEMENT SHEET

Name of Committee Resources, Performance & Development Overview & Scrutiny

Date of Committee 22nd January 2008

Report Title Use of Resources 2007 Assessment

Summary The purpose of this report is to appraise members of the key achievements and lessons learned from the Use of Resources 2007 Assessment.

For further information please contact: Oliver Winters
Head of Finance
Tel: 01926 412441
oliverwinters@warwickshire.gov.uk

Would the recommended decision be contrary to the Budget and Policy Framework? No.

Background papers Audit Commission's Official Feedback

CONSULTATION ALREADY UNDERTAKEN:- Details to be specified

- Other Committees
- Local Member(s)
- Other Elected Members Cllrs Booth, Atkinson, Haynes
- Cabinet Member Cllr Cockburn – for information
- Chief Executive
- Legal Sarah Duxbury – comments incorporated
- Finance David Clarke – Strategic Director, Resources – reporting officer
- Other Chief Officers David Carter – Strategic Director, Performance & Development – reporting officer
- District Councils
- Health Authority

Police

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

Resources, Performance & Development Overview & Scrutiny - 22nd January 2008

Executive Summary

This report summarises the outcome of the 2007 CPA Use of Resources assessment. The outcome of the assessment, undertaken by the Audit Commission, is that the County Council's scores have improved from Level 3 in 2006 to Level 4. This is a significant achievement in light of the fact that Level 4 is the highest level and the assessment bar continues to be raised every year.

Agenda No

Resources, Performance & Development Overview & Scrutiny - 22nd January 2008.

Use of Resources 2007 Assessment

Joint Report of the Strategic Director, Resources and Strategic Director, Performance & Development

Recommendation

That members consider and comment upon the Use of Resources 2007 Assessment.

1. Introduction

- 1.1 The Use of Resources (UoR) assessment evaluates how well councils manage and use their resources. The Audit Commission carry out an annual assessment that focuses on the importance of strategic financial management, sound governance and effective financial reporting arrangements.
- 1.2 2007 was the third year that Warwickshire was assessed under the UoR regime. The assessment is carried out under five themes which are broken down into sub-criteria as Key Lines of Enquiry (KLOE). Each of the sub-criteria is further divided into statements of expected practice.
- 1.3 Each of the sub-criteria are scored by the Audit Commission and an overall score is set for the Council. The table below sets out the scoring scale used by the Audit Commission:

Standard Scale for Assessment and Inspection	
Level	Assessment
1.	Below minimum requirements – inadequate performance
2.	Only at minimum requirements – adequate performance
3.	Consistently above minimum requirements – performing well
4.	Well above minimum requirements – performing strongly

- 1.4 It needs to be appreciated that the detailed requirements to achieve each of the levels alter from year-to-year effectively raising the assessment bar.
- 1.5 On 10th December the Council received its official notification from the Audit Commission of the 2007 assessment and this report outlines the key messages arising from this notification.

2. 2007 Summary Score

- 2.1 Set out below are the scores for the five themes and their sub-criteria for 2007. The previous year's scores have been included for completeness. It should be appreciated that the assessment bar is raised significantly each year so improvements need to be made in order to merely stand still and a step change improvement needs to be made to increase the score.

Summary of scores at theme and KLOE Level

Key lines of enquiry (KLOEs)	Score 2007	Score 2006	Score 2005
Overall Use of Resources	4	3	3
Financial reporting	3	3	3
1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	3	3	3
1.2 The Council promotes external accountability.	3	3	2
Financial management	4	3	3
2.1 The Council's medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities.	4	3	3
2.2 The Council manages performance against budgets.	4	4	3
2.3 The Council manages its asset base.	3	4	4
Financial standing	3	3	2
3.1 The Council manages its spending within the available resources.	3	3	2

Key lines of enquiry (KLOEs)	Score 2007	Score 2006	Score 2005
Internal control	4	3	3
43.1 The Council manages its significant business risks.	3	3	3
4.2 The Council has arrangements in place to maintain a sound system of internal control.	4	3	3
4.3 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	4	4	4
Value for money	3	3	3
5.1 The Council currently achieves good value for money.	3	3	3
5.2 The Council manages and improves value for money.	3	3	3

2.2 What this shows is that with the exception of 2.3 “The Council manages its asset base” all of the scores have either remained constant or improved. We have improved sufficiently to enable the Audit Commission to score Warwickshire at a Level 4 overall for its use of resources.

3. Key Messages

3.1 Attached as **Appendix A** is an extract from the Audit Commission’s official feedback on the 2007 assessment. This highlights the key findings and conclusions as well as sets out any areas for improvement.

3.2 What the report shows is that we are performing well in every area and strongly in financial management and internal control.

3.3 The key areas where there is further room for improvements are:

KLOE 2.3 The Council manages its asset base opportunity costs

- a) Develop whole life costs and identify dependencies when making disposal decisions.
- b) Better use of benchmarking and target setting.

KLOE 3.1 The Council manages its spending within available resources

- a) Ensure arrangements for producing and monitoring the capital programme are robust.

KLOE 4.1 The Council manages its significant business risk.

- a) Conduct a risk assessment of all significant partnerships.
- b) Improve risk management of projects.

KLOE 5.1 The Council currently achieves good value for money.

- a) Deliver the improvement plan for Adult Social Care
- b) Implement findings from the 2007 VFM reviews

KLOE 5.2 The Council manages and improves value for money.

- a) Integrate more fully costs and performance arrangements.
- b) Ensure that investment is fully supported by robust business cases.
- c) The Council focuses on cost savings through more targeted improvements in efficiency.

4. Sharing Best Practice

4.1 One of the strengths that has helped our UoR is a consistent approach across the Council. While we run a very devolved finance function this operates within a strong framework. This allows local discretion and flexibility within defined constraints. It also ensures best practice is adopted across the Council. There are a number of aspects that reinforce this approach:

- (a) We operate within an environment of a “finance community”. One element of this is regular joint meetings of all Directorate Finance Service Managers and key staff from the corporate finance service. These meetings are used to share common issues and facilitate the sharing of best practice.
- (b) The key elements of the corporate framework are codified in a library of relevant documents such as Financial and Contract Standing Orders, Cost Centre Managers Guide, Scheme of Delegation.
- (c) As set out in the scheme of delegation there is clarity within the finance community around who is responsible for what and the extent of discretion individuals have.
- (d) The key corporate activities – for example the closure of accounts, budget monitoring and budget preparation – are timetabled after discussion with key staff. Roles and responsibilities are clearly defined as are key milestone dates.
- (e) We run/facilitate training for staff and ensure that the audience is made up of staff from different Directorates. This aids the cross fertilisation of ideas and continues the sense of a “community”. For example we run cross directorate training for cost centre managers, procurement, changes to accounting standards and corporate governance.

- (f) We have designated lead officers for each of the UoR KLOEs. The lead officer is responsible for ensuring the self-assessment for their KLOE is completed and adequately evidenced.
 - (g) We put together an annual action plan that focuses on the feedback of the latest UoR assessment as well as looking at the changes to the following year's KLOEs. In implementing the action plan we look to ensure that best practice is applied across the whole function rather than in individual Directorates.
- 4.2 As well as sharing best practice across the Council we also look to share with and learn from other local authorities. As part of the annual assessment the Audit Commission looks for notable practice that is worthy of sharing with other authorities. These notable practices are posted on the Audit Commission's website.
- 4.3 In 2007 the Audit Commission have highlighted the following as notable practice from the County Council:
- KLOE 2.1 - Medium Term Financial Strategy
 - KLOE 2.2 - Managing performance against budgets – savings and efficiency gains
 - KLOE 4.2 - Arrangements to maintain a sound system of internal control – governance arrangements in respect to partnerships
 - KLOE 4.3.22 - Strong counter fraud culture plus Biennial Governance Survey
- 4.4 We are also pro-active in sharing and importing best practice and there are a number of network groups that are used for this purpose i.e.
- Society of County Treasurers (SCT)
 - SCT Deputies
 - Chief Accountant Network
- 4.5 We try to spread best practice at a national level. For example, in 2007 Oliver Winters, Head of Finance, was an invited guest speaker at a national seminar highlighting best practice to a wide local authority audience. Additionally, Simone Wray, the Council's Strategic Risk Manager, has recently been made Chair of the Institute of Risk Managers.

5. Next Steps

- 5.1 The Council cannot be complacent now that it has reached Level 4 overall. The bar is being raised again for the 2008 assessment and under the Comprehensive Area Assessment (CAA) in 2009 the whole basis of the assessment will change.
- 5.2 We are in the process of drawing up an improvements action plan in response to the 2007 assessment feedback and the higher standards that will be required in 2008. Even though 2009 seems to be a long way off, we are also

starting to look at the 2009 change so that any necessary improvements can be implemented during 2008/09.

6. Summary

- 6.1 Overall we are pleased that the efforts made across all areas impacting on the UoR have been acknowledged in our current Level 4 score. However, the CPA regime demands continuous improvement and we are pro-actively managing the various aspects of the UoR to ensure we are well placed to meet the challenges of the tougher assessment tests in future years.

DAVID CLARKE
Strategic Director, Resources

DAVID CARTER
Strategic Director, Performance & Development

Shire Hall
Warwick

12 December 2007

Use of Resources

Warwickshire County Council

Audit 2006/07

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

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.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

© Audit Commission 2007

For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 020 7828 1212 Fax: 020 7976 6187 Textphone (minicom): 020 7630 0421

www.audit-commission.gov.uk

Contents

Introduction	4
Use of resources judgements	5
Theme summaries	6
Financial reporting	6
Financial management	8
Financial standing	10
Internal control	11
Value for money	13
Conclusion	15
Use of resources 2008	15
Appendix 1 – Changes to the UOR key lines of enquiry 2008	16

Introduction

- 1 The Use of Resources (UoR) assessment evaluates how well councils manage and use their resources. The assessment is carried out each year and focuses on the importance of strategic financial management, sound governance and effective financial reporting arrangements. These should support your Council in the achievement of its priorities and improving services, whilst delivering value for money.
- 2 This is the third assessment we have undertaken at Warwickshire County Council. Our assessment is based on the key lines of enquiry for 2007. These include new requirements for councils as part of the Commission's approach to phasing in those elements that need more lead in time and to supporting improvement by gradually raising the standard of the assessment. The period assessed for 2007 has also been aligned with the financial year 2006/07. Councils may, however, provide evidence that becomes available after the end of the financial year, to demonstrate their arrangements are working effectively and are embedded.
- 3 The overall use of resources assessment is made up of five themes. Judgements have been made for each theme using the Audit Commission's scale. This scale is used across its inspection and performance assessment frameworks.

Table 1 Standard scale used for assessments and inspections

1	Below minimum requirements – inadequate performance
2	Only at minimum requirements – adequate performance
3	Consistently above minimum requirements – performing well
4	Well above minimum requirements – performing strongly

- 4 In forming our assessment, we have used the methodology set out in the Use of Resources Guidance for Councils 2007, which can be found on the Commission's web site. We have also taken account of our findings and conclusions from previous years' assessments and updated these for any changes and improvements to the Council's arrangements.
- 5 The five theme scores for Warwickshire County Council are outlined overleaf. This summary sets out our key findings in relation to each theme and key areas for improvement.

Use of resources judgements

Table 2 Summary of scores at theme and KLOE level

Key lines of enquiry (KLOEs)	Score 2007	Score 2006
Financial reporting		
1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	3	3
1.2 The Council promotes external accountability.	3	3
Financial management		
2.1 The Council's medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities.	4	3
2.2 The Council manages performance against budgets.	4	4
2.3 The Council manages its asset base.	3	4
Financial standing		
3.1 The Council manages its spending within the available resources.	3	3
Internal control		
4.1 The Council manages its significant business risks.	3	3
4.2 The Council has arrangements in place to maintain a sound system of internal control.	4	3
4.3 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	4	4
Value for money		
5.1 The Council currently achieves good value for money.	3	3
5.2 The Council manages and improves value for money.	3	3

Theme summaries

- 6 The key findings and conclusions for each of the five themes are summarised in the following tables.

Financial reporting

Table 3

Theme score 3	
Key findings and conclusions	
<p>KLOE 1.1 The annual accounts were to a good standard and an unqualified audit opinion was given. The accounts were produced in accordance with the agreed timetable and the standard of the supporting working papers was good. Officers have made considerable efforts to improve the working papers including visiting other councils to identify good practice. There was generally a prompt response to queries raised. A small number of audit adjustments were required to the Pension Fund accounts but there were no significant adjustments for the main audit.</p>	
<p>KLOE 1.2 The Council has published its latest accounts and annual audit letter on its website. The statement of accounts has attained the Plain English Crystal Mark and the summary accounts are easy to understand. The Council does not produce an annual report but refers to four separate documents on its website. Comments are invited on the summary accounts but not on its decision whether or not to publish an annual report.</p>	
Improvement opportunities	
<p>KLOE 1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.</p>	<p>Make further improvements to supporting working papers by ensuring that directorates provide a full audit trail for debtor and creditor balances.</p> <p>Ensure the working papers include a comprehensive analytical review for the Pension Fund, providing explanations and supporting evidence for significant variances.</p> <p>Review quality assurance arrangements for the Pension Fund.</p>

Appendix A

Theme score 3	
<p>KLOE 1.2 The Council promotes external accountability.</p>	<p>Demonstrate that the views of a range of stakeholders have been considered in making the decision whether to publish an annual report.</p> <p>Publish an annual report or similar document which includes summary accounts and an explanation of key financial and technical terms designed to be understandable by members of the public. If the decision is made to continue referring to four separate documents rather than producing an annual report, ensure all four documents are available on the website.</p>

Financial management

Table 4

Theme score 4
Key findings and conclusions
<p>KLOE 2.1 The financial management arrangements are good. The Council has reviewed aspects of the financial planning and financial management arrangements during the year to ensure they remain fit for purpose. There is a soundly based medium term financial strategy which aligns financial plans with corporate objectives and identifies future developments and their impact. This year the Council developed this further and wider to accommodate the new Local Area Agreement.</p> <p>KLOE 2.2 The Council has good arrangements in place to manage performance against budgets. Members receive regular budget monitoring reports which are timely, well presented and focus on the key risk areas. There is evidence action is taken in response to any significant variations. The Council has a good track record of delivering efficiency gains and has adopted a medium term efficiency planning process. This involves percentage top slicing, reviewing 'high spending' services via VFM reviews, and close monitoring of progress by members to ensure achievement of Gershon targets.</p> <p>KLOE 2.3 Systems continue to develop to assist the Council in assessing asset condition, coordinating asset management information and prioritising the maintenance backlog. Although the Council can clearly demonstrate that investment and disposal decisions are routinely based on options appraisals these are not consistently robust nor do they consistently account for whole life costing. The Council has adopted a set of local asset performance indicators which are based on national AMP indicators and benchmarks some of these against other councils. However, it is not clear how this is driving improvement in the Council's key priorities for improvement, most notably, the priority for a sustainable environment.</p>

Appendix A

Theme score 4	
Improvement opportunities	
KLOE 2.1 The Council's medium-term financial strategy (MTFS), budgets and capital programme are soundly based and designed to deliver its strategic priorities.	No areas for improvement identified.
KLOE 2.2 The Council manages performance against budgets.	No areas for improvement identified.
KLOE 2.3 The Council manages its asset base.	<p>Ensure that disposal decisions are based on the full facts by strengthening the approach to presenting robust options appraisals to decision makers. This should:</p> <ul style="list-style-type: none"> • include clear financial data which includes whole life costs and opportunity costs where possible; and • clearly identify assumptions and dependencies for each option. <p>Clarify the contribution of Council assets to corporate improvement priorities through:</p> <ul style="list-style-type: none"> • learning from benchmarking with successful public and private sector organisations; and • Setting clear and challenging operational targets for property / asset management.

Financial standing

Table 5

Theme score 3	
Key findings and conclusions	
<p>The Council has set a balanced budget for 2007/08. It has reassessed its minimum level of reserves and kept reserves above this level. The budget is monitored and reported to members regularly throughout the year and 2006/07 outturn reported an underspend in line with projections during the year. There is good monitoring of the level of outstanding debt and associated costs. The Council has included information on the opportunity cost of holding reserves in the budget report and members are provided with information about the council tax impact of using reserves. There has been significant slippage in the capital programme over the last two years. As a consequence of producing three totally separate budgets, capital bids have gone forward less scrutinised and less worked up. The Council is currently experimenting with a single budget process and this is leading to more scrutiny of fewer bids.</p>	
Improvement opportunities	
KLOE 3.1 The Council manages its spending within the available resources.	Ensure that the arrangements for producing and monitoring the capital programme are robust.

Internal control

Table 6

Theme score 4	
Key findings and conclusions	
<p>KLOE 4.1 The Council has reasonably good risk management arrangements in place. Risks are identified routinely across services and projects, risk registers are in place throughout the Council and training for staff on risk management has been provided in preparation for the Local Area Agreement. However, the current approach to considering risk in relation to significant partnerships needs to be strengthened. Partnership risks are consistently identified but actions to mitigate these risks are mainly generic and not sufficiently robust. The Council is taking positive action to develop its approach to risk management although the new arrangements are not yet fully embedded. Although risks are identified within business cases, the link to assumptions and dependencies made within the business case is not always evident and there is no evidence that sensitivity analysis is carried out routinely to test these.</p> <p>KLOE 4.2 The Council continues to have good arrangements in place to maintain a sound system of internal control. The Statement of Internal Control is prepared based on the assurance framework and a robust process involving senior managers, Internal Audit, Heads of Service, the Audit and Standards Committee and Cabinet. The core functions of an audit committee are being undertaken by members. Partnerships arrangements have been strengthened following a detailed review which also specifically picked up the LAA arrangements.</p> <p>KLOE 4.3 The Council has a strong track record in proactively promoting and ensuring probity and propriety in the conduct of its business. There is a good anti fraud culture demonstrated by a recent corporate governance survey and publicity of anti fraud and corruption and whistleblowing policies, The Council also has good arrangements in place to follow up matches identified as part of the 2006/7 National Fraud Initiative exercise.</p>	
Improvement opportunities	
KLOE 4.1 The Council manages its significant business risks.	Conduct a risk assessment of all significant partnerships including where appropriate risks relating to specific individual partners and develop robust action plans to mitigate for those risks.

Theme score 4	
	<p>Improve risk management of projects by adopting a more consistent approach to business cases which:</p> <ul style="list-style-type: none"> • Clearly identifies assumptions and dependencies; and • Includes a sensitivity analysis or similar to test the risks associated with identified assumptions and dependencies. <p>Provide on-going risk management awareness training for members and decision makers.</p>
KLOE 4.2 The Council has arrangements in place to maintain a sound system of internal control.	No areas for improvement identified.
KLOE 4.3 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	No areas for improvement identified.

Value for money

Table 7

Theme score 3
Key findings and conclusions
<p>KLOE 5.1 Overall costs and performance compare well with peers with total expenditure on services significantly below average whilst overall performance is well above average. Costs are commensurate with service delivery, and are generally low cost for the level of performance achieved. The most significant barrier to enable uplift to the current assessment remains Adult Social Care, including the Supporting People programme. This is the second highest area of spend to education and a Council improvement priority area. Although there are clear signs of change since last year, the Council's investment in improving the service is at an early stage. Much of the current service configuration is still based on a legacy provision which has limited accessibility and suitability for those who need it. The County has an ageing population and although overall is affluent, there is disparity in deprivation levels between the north and south of the County. Pressure on the service will therefore continue to increase year on year. Other weaker areas include libraries which continue to be comparatively very high cost, parking schemes which are not delivering value for money at present and a decline in satisfaction levels in some areas. The crime and disorder reduction partnerships in the County (which include participation by Warwickshire County Council) saw crime statistics generally increasing during 2006/07.</p> <p>KLOE 5.2 The Council has good corporate systems in place to monitor performance and VFM. However there are inconsistencies at service level; for example in monitoring and evaluating performance and VFM from Supporting People and Sure Start programmes. VFM continues to improve mainly through the delivery of efficiency gains and improving performance. There is a new VFM review process in place which will conclude in late 2007. This is aimed to improve the VFM of specific services such as libraries, economic and community development, trading standards, non schools education, children services, support services and museums. The Council has an excellent and long standing track record of delivering savings which is primarily through top slicing budgets year on year. There is less evidence of targeted savings although improving efficiency is being tackled through process re-engineering as part of the Council's change programme. Procurement is generally effective, supporting improvement in VFM and achieving efficiency but there are weaknesses in business cases and options appraisals and some inconsistencies in the application of procurement policies.</p>

Theme score 3	
There is evidence that the Council is working hard to improve value from its partnership working and is strengthening its approach in preparation for the Local Area Agreement, although it does not always result in a positive outcome.	
Improvement opportunities	
KLOE 5.1 The Council currently achieves good value for money.	<p>Deliver the improvement plan for Adults Social Care.</p> <p>Implement findings from the 2007 VFM reviews.</p>
KLOE 5.2 The Council manages and improves value for money.	<p>Integrate more fully costs and performance arrangements at service level.</p> <p>Ensure that investment is fully supported by robust business cases that are actively tracked to ensure that expected benefits are delivered.</p> <p>The Council's focus on cost savings should include more targeted improvements in efficiency.</p>

Conclusion

- 7 The Council is performing strongly and has achieved an overall score of 4.

Use of resources 2008

- 8 The Commission has published its key lines of enquiry for 2008 on its website. The key changes to the assessment are summarised in Appendix 1. We will be reporting our scores and findings from our 2008 assessment to you at a similar time next year.
- 9 The Commission consulted on the changes to the key lines of enquiry for 2008 during April to June 2007. The Commission's response to the consultation can be found on its website. The key lines of enquiry for 2008 reflect some of the changing priorities for councils as they respond to the major challenges facing them and the higher expectations of them. Making further improvements in efficiency will be critical for councils in responding to: the changing demographic profile of communities, increasing public expectations of public services and expected constraints on funding from Government.
- 10 The key lines of enquiry give more emphasis, mainly at level 4, to areas such as: sustainability, working in partnership and using IT to secure service and value for money improvements; strategic asset management and joint procurement. These areas signal the changes which will be given more emphasis in the use of resources assessment under Comprehensive Area Assessment, the new performance framework for local services.

Appendix 1 – Changes to the UOR key lines of enquiry 2008

The key changes to the assessment are summarised here.

KLOE	Level	Summary of change
Financial reporting		
1.1	2	An unqualified opinion in the published statements.
1.2	2 , 3	Published information is available to the public in a timely way and in accessible formats in compliance with duties under the equalities legislation.
1.2	4	The annual report or similar document includes information and analysis about a council's environmental footprint.
Financial management		
2.1	2	The impact of strategies is assessed for their impact to comply with duties under the equalities legislation in relation to race, gender and disabilities.
2.3	3	The asset management plan provides strategic and forward looking goals showing how land and buildings will be used to deliver corporate priorities. The council holds accurate information on the efficiency, effectiveness and values of assets, to support decision making on investment and disinvestment in assets.
2.3	4	Asset management and planning is fully integrated with business planning
2.3	4	Asset management is used as an enabler of change. The management of assets is integrated with other local public agencies to identify opportunities for shared use of property and to deliver cross-sector, cross-agency and community-based services to users.
2.3	4	Asset management includes challenge as to whether all assets are fit for purpose, provide value for money and deliver corporate priorities. The council rationalises its holding of property.

Appendix A

Financial standing		
3.1	3	The approved level of balances is adhered to; the council's financial standing is sound and supports the achievement of its long term objectives.
3.1	3	Targets for income collection and recovery of arrears stretch performance and their achievement is monitored with appropriate corrective action taken during the year to achieve the targets.
Internal control		
4.1	4	Reports which support strategic policy decisions and initiate major projects require a risk assessment which includes an appraisal of the impact on sustainable development.
4.2	3	Effective scrutiny function to ensure challenge and improve performance.
4.2		'Statement of internal control' has been replaced with 'governance statement'.
4.2	4	Evidence of the viability of significant contractors' / partners' business continuity plans.
4.3	2	Preparation for the role of the standards committee in local investigations and determination.
4.3	3	Publicising the work of the standards committee.
4.3	3, 4	Enhanced standards for whistle blowing arrangements, demonstrating employees of contracting organisations are aware of the arrangements and staff have confidence in them.
4.3	4	Application forms have fair processing notification permitting data sharing for prevention and detection of fraud and corruption.
Value for money		
5.1	2,3,4	Descriptors for capital programming have been strengthened by including references to the outcomes of a well managed capital programme, ie. projects are completed on time, to budget and deliver outcomes which are fit for purpose (and for level 4 – transform services for users and citizens).
5.2	2,3,4	Understanding unit and transaction, as well as, overall costs.

Value for money		
5.2	2, 3, 4	Data quality arrangements should be reliable (level 2) or exemplary (level 4), and including at level 4, an agreed approach with partners. Auditors will rely on the findings of the data quality audit for this descriptor.
5.2	2, 3, 4	The descriptor which assesses community needs and impact of decisions on diverse communities has been revised to better reflect statutory requirements on equality impact assessments. It also makes it clearer that reducing inequality in outcomes ought to be integral to a council's drive to improve VFM.
5.2	2, 3, 4	Demonstrating improvements in value for money by tracking performance over recent years.
5.2	2, 3, 4	More emphasis on stronger, longer-term, full cost evaluation, including (at levels 3 and 4) consideration of environmental and social in its assessments of costs and benefits in decision making.
5.2	2, 3, 4	Improving value for money through partnership working, with an understanding of resources at the disposal of partnerships and planned outcomes. There are opportunities to improve value for money (reduce costs or improve outcomes) through better partnership working. Performance reflects differing levels of engagement with partners to improve outcomes.
5.2	2, 3, 4	Use of ICT to improve services, value for money and access to services.