



DERBY CITY COUNCIL

**AUDIT AND ACCOUNTS
COMMITTEE
3 DECEMBER 2009**

Report of the Corporate Director
of Resources

ITEM 10

'USE OF RESOURCES' ACCREDITATION 2008/09

RECOMMENDATIONS

- 1.1 To agree the Council's proposed actions in response to Grant Thornton's recommendations as listed in Appendix 2.
- 1.2 To request the Corporate Director of Resources to provide a progress report on delivery of the actions at the Audit and Accounts Committee meeting in April 2010.

SUPPORTING INFORMATION

- 2.1 As part of the Organisational Assessment in the Comprehensive Area Assessment (CAA), our external auditors Grant Thornton have undertaken our Use of Resources (UoR) audit.
- 2.2 Under the Audit Commission's Code of Audit Practice, Grant Thornton are required to reach a conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
- 2.3 In 2009, the Audit Commission introduced a new framework and methodology for UoR assessments. The new framework emphasises outcomes over processes, and brings new areas into the assessment such as environmental and workforce management. The new assessment presented a more robust challenge than the old framework, based on different scoring criteria.
- 2.4 Grant Thornton accredited the Council with a performance score of '2' performing 'adequately' compared with a score of '3' performing 'well' in 2007/08. This was based on the following scores against each criteria:-

Managing Performance	3 out of 4
Use of Resources	2 out of 4
Managing Finances	2 out of 4
Governing the business	3 out of 4
Managing Resources	2 out of 4
- 2.4 Grant Thornton has listed ten recommendations that the Council should address as part of our improvement planning process.

IMPLICATIONS

Financial

1. The costs of the Use of Resources assessment are included as part of the Council's Annual and Inspection Fee.

Legal

2. The Council is required to undergo an annual Use of Resources assessment as part of the Comprehensive Area Assessment process.

Personnel

3. None directly arising.

Equalities impact

4. None directly arising.

Corporate objectives and priorities for change

5. The Use of Resources assessment can be used to demonstrate the Council's sixth priority of 'delivering excellent services.

For more information contact: Nick Searle, Corporate Projects Officer, Chief Executive's Office

Background papers: None

List of appendices: Appendix 1 – Implications

Appendix 2 – Council's proposed actions

Use of Resources Action Plan

Appendix 2

No.	Recommendation	Responsible Officer(s)	Priority	Management response	Implementation details
1	<p>KLOE 1.2 - Costs and performance</p> <p>The Council needs to demonstrate a broader set of outcomes of reductions in costs and / or improvements in services as a result of the decision-making process (e.g. benefits derived from the DECATS review).</p>	Heather Greenan / Carolyn Wright / Head of Transformation	High	<p>Both monthly COG updates and regular joint reporting to Cabinet includes an update on the delivery of budgeted savings.</p> <p>The Council is launching a new Balanced Scorecard approach to performance measures from April 2010 which will demonstrate performance against a broader range of outcomes e.g. customer service.</p> <p>Further performance measures will be developed as part of the One Derby One Council transformation programme.</p>	<p>A number of service related value for money local PI's will be included in departments business plans and balanced scorecard for 2010/11.</p> <p>Savings realisation policy to be in place for 2010/11 for one Derby one council projects and other efficiency projects. This will include the process for measuring actual outcomes against budgeted target savings and savings estimated in individual business cases.</p>
2	<p>KLOE 1.3 - Financial reporting</p> <p>The Council should strongly consider the introduction of an integrated asset management system.</p>	Zulf Darr / Carolyn Wright	High	<p>This has already been agreed as a key one Derby one Council project.</p> <p>However this will not be in place for the closure of the 2009/10 accounts. There is a need to improve system maintenance procedures and reconcile the base asset date before any new system is implemented.</p> <p>Urgent action is now in progress to address these areas during 2009/10</p>	<p>Fixed Asset Register (FAR) action already taken...</p> <ul style="list-style-type: none"> • Introduction of a unique reference number on the FAR. • One common file on a shared drive with restricted access. • Monthly reconciliation to financial and Estates data and sign-off by the Group Accountant (Capital). In future this will include sign-off by the Asset Manager in Estates also. <p>The action in progress is as follows:</p>

No.	Recommendation	Responsible Officer(s)	Priority	Management response	Implementation details
					<ol style="list-style-type: none"> 1) Agreement between Estates Property and Accountancy to using one existing system as the primary record for the Asset Register until such time as a new system is implemented. Deadline: 30 November 2009. 2) Asset management policies including the disposal policy to be reviewed and managed through the strategic asset management group. To include a set of pro-formas to aid the control and audit trail of the asset register changes. Asset management system maintenance procedures will be developed in line with this. 3) Documented procedure on the maintenance of the FAR including responsibilities. Deadline: 31 December 2009 4) LSP Infrastructure and Asset Management Group to be established in January 2010 - initial meeting 30.11.09.
3	KLOE 2.1 - Commissioning & procurement The Council needs to	Dawn Moran	Medium	Use of outcome based specifications and involvement of service users in the commissioning process has increased in a number of areas cross the Council. This	Increase capacity to utilise outcome based processes and stakeholder consultation in the development of specifications.

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	ensure that it is able to demonstrate outcomes, outputs and achievements for local people as a result of the arrangements in place to commission and procure quality services and supplies tailored to suit local needs.			needs to be rolled out on a wider basis and better contract monitoring is required to record the outcomes and outputs that are being achieved.	Improve contract management and monitoring skills and systems to ensure evidence is captured and reported. Develop and deliver training for Officers to implement the above.
4	KLOE 2.2 - Use of information & data quality The Council needs to develop further partnership arrangements to identify and resolve data quality issues.	Heather Greenan	Medium	Significant work has been undertaken already to raise the profile of data quality at Partnership level, including the approval of a Partnership wide Data Quality Policy. LSP established strategic Intelligence Group with key partners to coordinate data and quality.	This has been incorporated within the Data Quality Action Plan (which is monitored by the Partnership Performance Group and Audit and Accounts Committee). It is also planned to take a report to DCP Management Group by March 2010.
5	KLOE 2.2 - Use of information & data quality The Council needs to provide update training for benefits staff to ensure that classifications and dates are correctly	Maurice Curtin	Medium	This is a complex area of Housing Benefit and Council Tax Benefit and staff need to have regular training and support. We can identify the level of errors through our quality checks and we will give support either to all staff based on the results of those checks.	Staff have been issued with reminders and additional guidance regarding these issues. The correct recording of classifications and dates for benefit claims will also be incorporated into training / awareness sessions planned for December 2009.

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	recorded for benefits claims.				
6	KLOE 2.3 - Good governance The Council needs to develop further governance arrangements for all relevant partnerships to ensure that outcomes for local people continue to be delivered.	Richard Boneham	Medium	The Council is developing a "Partnership Toolkit" which will enable managers to improve governance arrangements with partnerships. There is also training planned to reinforce good practice.	Partnership Toolkit will be in place by March 2010
7	KLOE 2.4 - Risk management and internal control The Council needs to continue to develop risk registers at LSP level ensuring that these are reviewed at a regular frequency and that appropriate action is taken as a result.	Hazel Lymbery	Medium	LSP to continue to develop risk registers with key partnerships and their underpinning strategies including the development of the 2011 Sustainable Community Strategy.	Coordinated response by LSP in January 2010 with five themed partnerships or cities and their executives to establish risk registers and timeline for review and action.
8	KLOE 3.1 - Managing natural resources The Council needs to ensure that it can demonstrate reductions in the levels of natural	Chris Edwards	High	The Council will adopt a Climate Change Strategy that will incorporate an accompanying spreadsheet outlining potential carbon savings across a range of services/activities. This will help to	The draft Strategy will go to the Climate Change Board in December and then to Cabinet in January 2010. To aid implementation an officer working group with representation from

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	resources used in 2009/10 (e.g. CO2 emissions, water consumption and air quality).			monitor the progress we make in meeting our various carbon reduction targets.	all departments will be set up in January 2010.
9	<p>KLOE 3.2 - Asset management</p> <p>See recommendation 2. The implementation of a fully integrated asset management system should provide a platform from which the Council will be able to further develop its strategic asset management approach in future years.</p>	Chris Edwards		<p>See recommendation 2. The Council has made a commitment to procure a new asset management system under the one Council, one Derby transformation change programme. However, in recognition of the need to make early progress in reconciling the asset data, the asset management team is working with Accountancy to produce appropriate procedures and controls before the closure of the 2009/10 accounts.</p> <p>Area Property Reviews</p> <p>A new phase of area based property reviews is to be introduced building on the work already done. The reviews will be carried out in conjunction with the LSP.</p> <p>Accommodation Strategy</p> <p>Following the outcome of the Accommodation strategy it has</p>	<p>A set of pro-formas to be developed for completion by Estates and Legal on disposals, change of use, change of department and demolitions/acquisitions. Monthly reconciliations to ensure all balances brought forward are unaltered and reconcile any changes made using the valuations list report run by Estates.</p> <p>Asset management policies, including the disposal policy, to be reviewed and managed through the strategic asset management group. The group meeting in December 2009 will prioritise the work programme. Asset management system maintenance procedures will be developed in line with this.</p> <p>Resource implications are being costed and the work will commence in January 2010 with a targeted completion date of December 2010.</p> <p>It is expected that design and procurement would take around 12</p>

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				<p>been recommended that the Council house be refurbished.</p> <p>Refurbishing the Council House is affordable and represents the most cost effective option of meeting the Council's accommodation needs and will realise the following benefits...</p> <ul style="list-style-type: none"> • further improve customer service • use space more effectively and, together with Derby Workstyle, significantly reduce the amount of office space occupied with consequent working and cost efficiencies • improve the staff and member working environment • contribute towards the Council's commitment to remove the maintenance backlog for administrative buildings • use accommodation more effectively and efficiently • release St Mary's Gate to allow the regeneration of St George's quarter in line with Cityscape's proposals. <p>Sports Centre Review In 2008, external consultants and officers completed a strategic</p>	<p>months and the construction two years. Given the extent of the work, the staff and civic functions will require decanting for the construction period. Availability of decant space, relationship with restructuring proposals, timescales and funding is currently being considered.</p> <p>Officers are currently working on options for delivering effective</p>

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				<p>review including costing all maintenance backlog works and options to refurbish or replacement of centres.</p> <p>Homes for older people (HOPS) review</p> <p>A Strategic Review of Care Homes for Older People was reported to Council Cabinet on 17th March 2009.</p> <p>The report showed that leaving all Council-run care homes as they are now will result in increasing vacancy levels as local older people continue to access local alternatives in improved community care, other forms of supported housing and independent sector residential care.</p> <p>Full Options Appraisals were undertaken for the remaining seven residential homes for older people run by the Council and it was decided to develop two specialist dementia homes, focus a further home on intermediate and short-term care, and consider options for replacing the remaining</p>	<p>opportunities for fitness in the city.</p> <p>A range of proposals for implementation are clearly set out including timescales for the closure, adaptation and construction of homes, procurement of a development partner and a review of Extracare housing progress.</p>

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				four care homes with Extra Care Housing that provides the same levels of care and support but gives more choice and flexibility to the resident.	
10	KLOE 3.3 - Workforce management The Council needs to ensure that it has sound arrangements in place to demonstrate that it is 'getting the basics right' for workforce management in 2009/10.	Rod Wood / Mark Edwards	Medium	A draft KLOE document was submitted to Grant Thornton on 4 November 2009.	The final document will be produced in December 2009 following feedback from Grant Thornton.