



USE OF RESOURCES ACTION PLAN

SUMMARY

- 1.1 This report updates the Audit and Accounts Committee on the progress of the Use of Resources Action Plan.

RECOMMENDATION

- 2.1 To agree the Council's progress report in response to Grant Thornton's recommendations as listed in Appendix 2.

REASONS FOR RECOMMENDATION

- 3.1 Although the Comprehensive Area Assessment has been scrapped by the government with immediate effect, it has been decided that it is necessary to continue monitoring the progress of the Use of Resources Action Plan.
- 3.2 The last update was presented at the March Audit and Accounts Committee. The update scheduled for June was postponed due to an extensive agenda.

SUPPORTING INFORMATION

- 4.1 As part of the Organisational Assessment in the 2009 Comprehensive Area Assessment (CAA), our external auditors Grant Thornton undertook our Use of Resources (UoR) audit.
- 4.2 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.
- 4.3 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.
- 4.4 Grant Thornton listed ten recommendations that the Council should address as part of our improvement planning process. These have been included within our Action Plan at Appendix 2.

OTHER OPTIONS CONSIDERED

5.1 No other options have been considered.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Service Director(s) Other(s)	Martyn Marples, Director of Finance and Procurement
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For more information contact: Background papers: List of appendices:	Martyn Marples 01332 255334 e-mail martyn.marples@derby.gov.uk None Appendix 1 – Implications Appendix 2 – Use of Resources Action Plan
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IMPLICATIONS

Financial

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

Legal

- 2.1 The Council is no longer required to undergo an annual Use of Resources assessment as part of the Comprehensive Area Assessment process.

Personnel

- 3.1 None directly arising

Equalities Impact

- 4.1 None directly arising

Health and Safety

- 5.1 None directly arising

Carbon commitment

- 6.1 None directly arising

Value for money

- 7.1 The Use of Resources action plan demonstrates the Council's commitment to ensuring value for money.

Corporate objectives and priorities for change

- 8.1 The Use of Resources assessment can be used to demonstrate the Council's priority of Organisational Development.

Use of Resources Action Plan Update September 2010

No.	Recommendation	Responsible Officer(s)	Priority	Management response	Implementation details	Progress Update September 2010
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 / Pat Elliott	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>	<p>The corporate VFM measures have now been incorporated into the corporate scorecard. Further work is required to define service measures for key areas – to be completed by October 2010.</p> <p>Key elements of the savings realisation policy are in place – budget disaggregation on service transfer, restructure savings and vacancy savings. The process for realising savings from the one Derby one council programme has been built into the overall project governance framework.</p> <p>The completion of the Consolidated Savings Realisation Framework outlining the key principles and individual adopted policies will be completed by 31 October 2010.</p>

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2	<p>KLOE 1.3 - Financial reporting</p> <p>The Council should strongly consider the introduction of an integrated asset management system.</p>	Carolyn Wright	High	<p>This has already been agreed as a key one Derby one Council project. 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. Urgent action is now in progress to address these areas during 2009/10</p>	<p>Fixed Asset Register (FAR) action already taken... Introduction of a unique reference number on the FAR.</p> <p>One common file on a shared drive with restricted access.</p> <p>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> <p>The action in progress is as follows:</p> <p>Agreement between Estates Property and Accountancy to using one existing system as the primary record for the Asset Register until such time as a implemented. Deadline: 30 new system is November 2009.</p> <p>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</p>	<p>A new Asset Register System was implemented for the 2009/10 Statement of Accounts. A number of further improvements will be required in 2010/11 to address recommendations from the audit of the accounts and the procedure for on-going maintenance of the new Asset Register system– see ISA260 Action Plan on this agenda.</p> <p>Work on a fully integrated Asset Management System is being progressed as a one Derby one council project.</p>

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					<p>changes. Asset management system maintenance procedures will be developed in line with this.</p> <p>Documented procedure on the maintenance of the FAR including responsibilities. Deadline: 31 December 2009. LSP Infrastructure and Asset Management Group to be established in January 2010 -initial meeting 30.11.09.</p>	
3	<p>KLOE 2.1 - Commissioning & procurement</p> <p>The Council needs to 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.</p>	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 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.	<p>Increase capacity to utilise outcome based processes and stakeholder consultation in the development of specifications.</p> <p>Improve contract management and monitoring skills and systems to ensure evidence is captured and reported.</p> <p>Develop and deliver training for Officers to implement the above.</p>	<p>Ongoing support to officers in the development of contracting approach and documents to embed the approach.</p> <p>No further development on training resources due to alternative priorities generated by the procurement savings programme.</p> <p>Further training opportunities will be considered as part of the Procurement Transformation Programme.</p>

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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.	The Data Quality Policy review is underway and is expected to be completed by March 2011. Implementation has been delayed slightly due to the Chief Executive's Office restructure.
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 recorded for benefits claims.	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.	This is a complex area of work and there is a risk of error so we continue to monitor Housing Benefit and Council Tax Benefit claims closely. We have now introduced a new checking regime which will include checks on this area of work. Errors will be passed back to staff and where trends are identified additional support, guidance or training will be given.

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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	The Partnership toolkit will be taken to the September meeting of the Audit and Accounts Committee.
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.	Current LSP governance structure now complete and awaiting DCP management group approval. This will be superseded by new structures in April 2011 to deliver Sustainable Community Strategy outcomes. SCS consultation now complete and outcomes and vision being refined. Actions within the outcomes will be agreed by partnership delivery planning workshops in October and November. Current DCP structure will change to ensure it is fit to deliver outcomes that will then require re assessment of partnership risk.

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8	<p>KLOE 3.1 - Managing natural resources</p> <p>The Council needs to ensure that it can demonstrate reductions in the levels of natural resources used in 2009/10 (e.g. CO2 emissions, water consumption and air quality).</p>	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 monitor the progress we make in meeting our various carbon reduction targets.	<p>The draft Strategy will go to the Climate Change Board in December and then to Cabinet in January 2010.</p> <p>To aid implementation an officer working group with representation from all departments will be set up in January 2010.</p>	<i>September update outstanding – to be tabled at the meeting.</i>
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		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	<p>A set of proformas 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>Current position</p> <p>The internal fixed asset database was written and implemented for year end. All entries to produce the statement of accounts were input and have now been audited. Alterations per external audit have still to be processed in the FAR but have been input into the ledger.</p> <p>As a result of the data cleansing exercise a list of outstanding queries will now need to be looked at for 2010/11 as well as the rollover of balances from 2009/10 and the additional external audit issues raised.</p> <p>Procedure notes are in process and it is hoped that some pro-formas will be taken to AMG to get approved and issued to departmental property officers to report on any property changes to make the asset register a more up to date record of the authority's assets.</p>

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				to produce appropriate procedures and controls before the closure of the 2009/10 accounts.	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>Actions for the future</p> <p>Coordination between Estates and Accountancy will determine how we move forward and ensure we are all working from the same data and to change to an IFRS basis.</p> <p>A meeting was held with the Transformation Team, Property Maintenance, Estates and Accountancy to establish how the transformation programme will support the property database. The programme schedules this transformation in 2011/12. This being the case Estates and Accountancy will have to look at alternative temporary solution to ensure that the IFRS requirements are catered for and to make it more timely as the system we have already implemented will still require significant resource to fix the final 2009/10 position, rollover the balances, incorporate the data cleansing further changes, alter to an IFRS basis and change the departmental structure. The quickest and easiest solution would be to have a system that is IFRS compliant.</p> <p>The Corporate Asset Management Group is being revised. A new Asset Management Plan incorporating a Disposal Policy is being drafted with assistance of Grant Thornton. Consultation document will follow the spending review in October 2010.</p>

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				<p>Area Property Reviews A new phase of area based property reviews is to be introduced building on the work already done. The reviews be carried out in conjunction with the LSP.</p> <p>Accommodation Strategy Following the outcome of the Accommodation strategy it has 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, 	<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 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 opportunities for fitness in the city.</p>	<p>A temporary Asset Surveyor has been appointed and will implement a programme which has been extended to 2012.</p> <p>The design for the refurbishment and extension of the Council House is progressing well; and has been agreed in principal by the Cabinet. The planning application has been submitted and is being processed by the planning department. The detailed scheme design is progressing well and the procurement process for obtaining tender lists for both the enabling works package and the main contract are in hand. Work is programmed to start in January 2011 and will be completed by October 2012. All staff will be moved out of the building during November/December 2010 to allow the work to proceed and will move back into the completed building November/December 2012; along with staff from the other buildings that are being vacated as part of the accommodation strategy.</p> <p>Leases for the decant space have been agreed and work on preparing the decant space has commenced at both Heritage Gate and Albion Street.</p>

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				<p>significantly reduce the amount of office space occupied with consequent working and cost efficiencies</p> <ul style="list-style-type: none"> • 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 review including costing all maintenance</p>	<p>Leisure Facility Strategy Business Case approved by Cabinet and Full Council. £50 m leisure facility strategy budget approved by full council. Site option assessment presently being undertaken</p>	<p>Site option appraisal has been completed. The Project Board has been established with supporting technical and operation groups and the appointment of a Project Manager. Feasibilities are being undertaken on a short list of sites following the option appraisal. The preparatory stage will be complete by the end of November 2010.</p>

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				<p>backlog works and options to refurbish or replacement of centres.</p> <p>Homes for older people (HOPS) review 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</p>	<p>by PMP/ Genesis in conjunction with Council.</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>	<p>Implementation of the Extra Care Housing proposals agreed by Council Cabinet has been delayed because of uncertainties about the availability of funding from the Homes and Communities Agency (HCA). Clarification of the HCA position and further discussion with development partners is underway.</p> <p>Work that has been carried out to design dementia care facilities on the sites of two care homes is currently being reviewed.</p>

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				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 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.	A new people strategy aimed at delivering a workforce that is the right size, highly skilled, appropriately paid and to meet our future needs is due to be considered by Cabinet on 28 September.