



DERBY CITY COUNCIL

**AUDIT AND ACCOUNTS  
COMMITTEE  
25 MARCH 2010**

Report of the Corporate Director  
of Resources

# ITEM 8

## **'USE OF RESOURCES' ACCREDITATION 2008/09 PROGRESS REPORT**

### **RECOMMENDATIONS**

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

### **SUPPORTING INFORMATION**

- 2.1 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. The findings of the audit together with our Action Plan were considered at the last meeting of the Committee.
- 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 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.
- 2.5 Work on the 2010 Use of Resources submission is progressing well with feedback on our initial submission due from Grant Thornton by the end of March 2010.

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| <b>For more information contact:</b> | Nick Searle, Corporate Projects Officer, Chief Executive's Office                       |
| <b>Background papers:</b>            | None  |
| <b>List of appendices:</b>           | Appendix 1 – Implications<br>Appendix 2 – Council's Use of Resources Action Plan Update |

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| <b>IMPLICATIONS</b> |
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**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'.

Use of Resources Action Plan Update March 2010

Appendix 2

| No. | Recommendation   | Responsible Officer(s)                                | Priority    | Management response   | Implementation details  | Progress Update March 2010  |
|-----|--|---|-------------|---|---|---|
| 1   | <p><b>KLOE 1.2 - Costs and performance</b></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> | <p>Heather Greenan / Carolyn Wright / Pat Elliott</p> | <p>High</p> | <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 Improvement and Efficiency Board has agreed some corporate VFM measures covering HR, Procurement, ICT, Finance and Property. These will be monitored during 2010/11.</p> <p>Work is continuing with departments to identify local VFM measures with services for incorporation into the balanced scorecard.</p> <p>The savings realisation policy is expected to be approved by Improvement and Efficiency Board in March 2010.</p> <p>DECATS diagnostic work is now feeding into detailed process redesign work which will complete mid may 2010,</p> <p>The key output is the Operating model design Mandate which includes a detailed business case for</p> |

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|     |   |                        |          |  |  | process redesign, infrastructure investments and savings/benefits.   |
| 2   | <p><b>KLOE 1.3 - Financial reporting</b></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.</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"> <li>• Introduction of a unique reference number on the FAR.</li> <li>• One common file on a shared drive with restricted access.</li> <li>• 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.</li> </ul> <p>The action in progress is as follows:</p> <ol style="list-style-type: none"> <li>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 implemented.<br/>Deadline: 30 new system is November 2009.</li> </ol> | <p>Integrated Fixed Asset Register (FAR)</p> <p>Data cleansing between our records, estates records, legal records and property services records has now been completed to ensure accuracy and completeness of asset data to be transferred to the fixed asset register system as the opening position for 1 April 2009.</p> <p>Property Services use a property management system called Evolution, which holds asset data. We have investigated the possibility of developing the use of this system further as the integrated FAR but it does not provide the functionality required to deliver the information for the Annual Accounts. We have therefore had to find an</p> |

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|     |                |                        |          |                     | <p>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.</p> <p>3) Documented procedure on the maintenance of the FAR including responsibilities. Deadline: 31 December 2009</p> <p>4) LSP Infrastructure and Asset Management Group to be established in January 2010 -initial meeting 30.11.09.</p> | <p>alternative solution.</p> <p>A new access database has now been developed in-house as the integrated FAR to be used by Estates and Accountancy and is currently being tested. The plan is to have this ready by 31 March 2010 to populate with the opening fixed asset date and 2009/10 changes. The system is to be maintained by Accountancy and changes will only be made on receipt of instructions from Estates. Proformas for data changes and validation and sign-off reports are being developed to control the integrity of the data in the FAR.</p> <p>The system requirements have been checked against the accounting requirements as set out in CIPFA's Statement of Recommended Practice. As part of their interim</p> |

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|     |                |                        |          |                     |                        | <p>audit work, external audit are going to review the system in April prior to its use for the 2009/10 Annual Accounts.</p> <p>Work is also underway on the procedure notes for the maintenance of the FAR, to be used by Accountancy and Estates officers, to be completed by 9 April 2010. The procedures will also include a monthly update to the Evolution system asset data and GIS asset data to ensure the respective asset listings remain consistent. In 2010/11, an SLA will be developed between Accountancy and Estates to formalise our respective requirements and responsibilities.</p> <p>The new database is not intended as a long term solution but a short term solution to address the issues that arose during the 2008/9 Annual</p> |

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|     |  |                        |          |  |   | <p>Accounts audit. A cross department project is needed to develop a longer term fully integrated solution including integrating Property Services asset management requirements. The requirements of a new system will also need to take into account the future processes and organisation of asset management functions across the Council and links to the GIS system. This is being considered as part of the one Derby one council design work currently underway. A cross department officer group has commenced work on the specification requirements for a fully integrated FAR system.</p> |
| 3   | <p><b>KLOE 2.1 - Commissioning &amp; procurement</b></p> <p>The Council needs to ensure that it is</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 | Increase capacity to utilise outcome based processes and stakeholder consultation in the development of specifications. | <p>Review of existing specification documentation taken place.</p> <p>Working with departments</p>  |

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|     | 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.   | <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>  | to identify appropriate training to increase capacity on contract management.  |
| 4   | <p><b>KLOE 2.2 - Use of information &amp; data quality</b></p> <p>The Council needs to develop further partnership arrangements to identify and resolve data quality issues.</p>                       | Heather Greenan        | Medium   | <p>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.</p> <p>LSP established strategic Intelligence Group with key partners to coordinate data and quality.</p> | 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. | <p>Progress reports on data quality were presented to Audit and Accounts in December 2009 and DCP Management Group in January 2010.</p> <p>The Data Quality Policy is being reviewed in conjunction with Strategic Intelligence Group over the summer.</p> |
| 5   | <p><b>KLOE 2.2 - Use of information &amp; data quality</b></p> <p>The Council needs to provide update training for benefits</p>  | 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   | Staff have been issued with reminders and additional guidance regarding these issues.   | Further guidance has been given to all Housing Benefit assessment staff as part of a subsidy awareness sessions. We continue to monitor this   |



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|     | staff to ensure that classifications and dates are correctly recorded for benefits claims.  |                        |          | quality checks and we will give support either to all staff based on the results of those checks.   | The correct recording of classifications and dates for benefit claims will also be incorporated into training / awareness sessions planned for December 2009.            | as part of our quality checks and there is further reminder training planned.  |
| 6   | <p><b>KLOE 2.3 - Good governance</b></p> <p>The Council needs to develop further governance arrangements for all relevant partnerships to ensure that outcomes for local people continue to be delivered.</p> | Richard Boneham        | Medium   | <p>The Council is developing a "Partnership Toolkit" which will enable managers to improve governance arrangements with partnerships.</p> <p>There is also training planned to reinforce good practice.</p> | Partnership Toolkit will be in place by March 2010   | A Governance Action Plan has been produced which has been discussed by Chief Officer Group and Leadership and will go to the Audit and Accounts Committee for approval on 25 March 2010. Item 8 of the plan covers the improved management of partnership activity. There are 4 actions under this heading with a timescale for full implementation by March 2011. |
| 7   | <p><b>KLOE 2.4 - Risk management and internal control</b></p> <p>The Council needs to continue to develop risk registers at LSP level ensuring that</p>   | 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. | Ongoing focus of developing 2011 SCS to include creation of partnership risk register to sit alongside priorities and themes. Current activity includes review and refresh of DCP governance   |

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|     | these are reviewed at a regular frequency and that appropriate action is taken as a result.   |                        |          |   |   | arrangements and impact of DCC guide to risk management and partnerships.  |
| 8   | <p><b>KLOE 3.1 - Managing natural resources</b></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>   | <p>The strategy and associated carbon savings spreadsheet was approved by both Climate Change Board and Cabinet.</p> <p>The officer working group is in the process of being set up. The greatest challenge is seen as getting genuine 'buy-in' from all services.</p>       |
| 9   | <p><b>KLOE 3.2 - Asset management</b></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</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 to | 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. | See KLOE 1.3 for full details of fixed asset register actions. The proformas are expected to be completed by 31 March 2010. Monthly reconciliations between the new FAR database (to replace accountancy and estates records) and property services Evolution and legal will |

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|     | to further develop its strategic asset management approach in future years. |                        |          | <p>produce appropriate procedures and controls before the closure of the 2009/10 accounts.</p> <p><b>Area Property Reviews</b></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>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>take place in 2010/11. Procedure notes will be completed by 9 April 2010.</p> <p>The current Capitalisation Policy is being updated together with the Impairment and Depreciation Policy, following a review with external audit and latest CIPFA requirements. To be re-issued by the end of April 2010.</p> <p>Draft Disposal Policy scheduled for completion by end of May 2010.</p> <p>Leadership approved a report in January which set out a programme of reviews which has been broadened to include other public sector bodies' assets through the recently formed Derby Property Alliance. A phased approach is to be adopted over an extended three year term.</p> |

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|     |                |                        |          | <p><b>Accommodation Strategy</b><br/>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"> <li>• further improve customer service</li> <li>• use space more effectively and, together with Derby Workstyle, significantly reduce the amount of office space occupied with consequent working and cost efficiencies</li> <li>• improve the staff and member working environment</li> <li>• contribute towards the Council's commitment to</li> </ul> | <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.</p> <p>Availability of decant space, relationship with restructuring proposals, timescales and funding is currently being considered.</p> | <p>An additional temporary resource in the form of a Asset Review Officer has been identified and the recruitment process has commenced.</p> |

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|     |                |                        |          | <p>remove the maintenance backlog for administrative buildings</p> <ul style="list-style-type: none"> <li>• use accommodation more effectively and efficiently</li> <li>• release St Mary's Gate to allow the regeneration of St George's quarter in line with Cityscape's proposals.</li> </ul> <p><b>Sports Centre Review</b><br/>In 2008, external consultants and officers completed a strategic review including costing all maintenance backlog works and options to refurbish or replacement of centres.</p> <p><b>Homes for older people (HOPS) review</b><br/>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</p> | <p>Officers are currently working on options for delivering effective 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> | <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 by PMP/ Genesis in conjunction with Council.</p> <p>Further reports were submitted to Cabinet in October 2009 and March 2010. It has now been identified which sites will be used for which purpose, and implementation plans are now in place to develop</p> |

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|     |   |                         |          | <p>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 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.</p> |  | each home accordingly.                                     |
| 10  | <p><b>KLOE 3.3 - Workforce management</b><br/>The Council needs to ensure that it has sound arrangements in</p> | 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. | The final text was submitted to Grant Thornton in January. |

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|     | place to demonstrate that it is 'getting the basics right' for workforce management in 2009/10. |                        |          |                     |                        |                            |