

Value for Money

Conclusion

Bromsgrove District Council

Audit 2009/10

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

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Introduction

1 I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Council for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice which is approved by Parliament requires the auditor to report each year on the conclusions as to whether the Council has adequate arrangements in place. This is known as "The Value for Money Conclusion".

2 In order to form that conclusion the auditor was required to consider nine specific areas known as Key Lines of Enquiry (KLOEs) as set out in the Code of Audit Practice under a process known as the Use of Resources assessment.

3 Work on the Use of Resources assessment had been substantially completed by the end of May 2010 and informal feedback provided to officers. Following the announcement from the new government the Audit Commission announced that work on the Use of Resources element and all work on Comprehensive Area Assessment (CAA) would cease with immediate effect.

4 However I was still required to give a Value for Money conclusion to the Council in respect of the 2009/10 financial year and gave an unqualified conclusion on the 30 September 2010 in line with the statutory deadline.

Summary

Key messages

5 The key messages on each of the nine KLOEs applicable to district councils are set out below and further details are contained in Appendix 1. The Council has improved its arrangements in several areas compared with the previous year.

6 I was able to issue an unqualified Value for Money conclusion for 2009/10 to the Council in line with the statutory deadline. This means that the Council had at least adequate arrangements in place in each of the nine criteria.

Planning for Financial Health - KLOE 1.1

7 The Council improved in most areas for this criterion. A joint management team has been appointed with neighbouring Redditch Borough Council. These arrangements are estimated to save £1.2million over 5 years over both councils from 2010/11 onwards.

8 In order to address the qualification of my Opinion on its 2008/09 accounts the Council applied for a capitalisation direction from the Government department to cover all or part of the £4.5million expenditure on the spatial project. Whilst the process of obtaining this direction was slower than anticipated it was managed by the deadline and without external consultancy support.

9 Reports to members integrate financial and performance planning. For example the review of the operations of the Dolphin Leisure Centre has identified savings of £150K in year. These savings are recurring and in addition further savings of £140K are planned to be achieved from the transfer of the Dolphin Leisure Centre to Wychavon Leisure Trust from April 2010.

Understanding costs and achieving efficiencies - KLOE 1.2

10 The Council has improved from last year and performs well in this area. Its knowledge of costs has significantly improved enabling it to better understand whether it is delivering VFM. This understanding has enabled joint working to progress with Redditch Borough Council, as well as with other districts and the county council on various services. The outcome is that Bromsgrove has been hosting the shared county wide regulatory services from June 2010. Detailed plans are in place for the delivery of the planned efficiencies.

11 Over the last couple of years the Council has invested significant sums in the Spatial Project. This was a transformational project originally part of the Local Authority Modernisation Programme (LAMP). The history of the Council, which was in voluntary engagement throughout the duration of this project, meant that the Council had to embark on a transforming IT programme as the means to improve recognising the need for a reliable, stable IT platform and associated systems. Improved outcomes for customers and services as a result of the project have mostly been delivered, and continue to develop and embed. However, the anticipated savings were not fully realised due to a number of reasons mostly due to the recession. The level of current annual savings is close to the level of the original estimated savings.

12 The project has enabled much wider partnership working together with potential for more far reaching value for money. It has enabled the Council to successfully bid for the Regulatory Services as part of the Worcestershire enhanced two tier programme. Further it has given the Council resilience and capacity to embark on the shared services with Redditch Borough Council.

13 Lessons have been learnt in terms of project management and this is demonstrated in the more robust management and communications around shared services.

Financial Reporting - KLOE 1.3

14 The council has amended the accounting treatment of the Spatial project and the accounts submitted for audit contained no significant errors. This is a great improvement from last year and the criterion for financial reporting has been clearly met.

15 The Council considers quarterly integrated performance and finance reports highlighting key financial performance issues and risks. This reporting enables remedial action to be undertaken promptly.

Commissioning and Procurement - KLOE 2.1

16 The Council's procurement strategy links through to the Sustainable Community strategy and the corporate plan. Opportunities have been identified to work with district partners in a number of areas to jointly commission and procure goods and services.

Use of Information - KLOE 2.2

17 The production of good quality data and governance arrangements for data sharing with partners have improved. Standards and practices are in place to make sure that systems are secure. Performance management is robust with targets set and reported on.

Good Governance - KLOE 2.3

18 The Council has a clear vision of what it wants to achieve based on a sound understanding of local need. Relationships between officers and members are generally open and focussed. Problems are openly played out in the press which may reduce public confidence in the democratic process. The Council works hard to improve its understanding of community needs and to work with communities.

19 There is good training on ethical standards which has been recognised by the Standards Board for England.

Risk Management and Internal Control - KLOE 2.4

20 The Council has a risk management process in place to identify risks and take appropriate actions to address these. To improve its internal control arrangements a corporate fraud team has been established in the year.

Use of Natural Resources - KLOE 3.1

21 This is a new criterion for 2009/10. The Council is in the early stages of developing and implementing its procedures and practices in its use of natural resources. It has established a baseline for the main areas of natural resource use.

Strategic asset management - KLOE 3.2

22 This criterion is not applicable for District Councils.

Workforce Planning - KLOE 3.3

23 The Council is Investors in People accredited and operates a Modern Managers Framework setting out the standards required of managers. Organisational change is effectively managed through visible and open leadership. Arrangements have been made to prepare and implement a workforce plan and the council's position is not considered different to that of other district councils. The Council has achieved Level 3 of the Equality Standard and Job Evaluation was implemented in May 2009.

Detailed findings

24 The key findings and conclusions for each KLOE are summarised in Appendix 1.

Appendix 1 Value for Money Conclusion - Key Findings and conclusions

25 The following tables summarise the key findings and conclusion for each of the Value for Money criterion.

KLOE 1.1 (Financial Planning)

VFM criterion met	Yes
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There is integrated financial planning. The linkages and process of setting the Council Plan, the Medium Term Financial Plan and annual budget have improved. The Council plan is set and aligned to national and district wide priorities. A thread runs through all the plans the council sets and these then in turn feed into both corporate and directorate improvement plans, then into team plans and individual's targets which are monitored and reviewed in their performance appraisals.

Performance management processes are in place to monitor the progress being made for all improvement areas and reported to members on a regular basis. The financial plan is reviewed an annual basis by members to ensure the plan is still relevant to the current priorities. The Council has a Treasury Management strategy which is reviewed annually and the Council did not lose money in the current banking crisis.

Reports to members integrate financial and performance planning. Resources have been aligned enabling recurring savings of £150K in year from the review of the operations of the Dolphin Leisure Centre and in addition further savings of £140K are planned to be achieved from the transfer of the Dolphin Leisure Centre to Wychavon Leisure Trust from April 2010.

The 2008/09 accounts were qualified due to the accounting treatment of expenditure as capital for the Spatial project of £4.5million. The Council in the year was able to confirm £2.2million as capital with a capitalisation direction obtained for £2.3million. Although this work was started late the Council was confident that the direction would be obtained. Therefore there were no plans for the extremely difficult financial position that would have ensued if its application for a capitalisation direction was not approved.

VFM criterion met**Yes**

The budget is approved in January each year following consideration of a report identifying high pressures, unavoidable pressures, savings and capital bids. This report gives comprehensive information and modelling of balances, cash flows.

The Council continues to undertake extensive consultation on its budget with the public and its own staff via budget forums, consultation groups and the staff champions group. There is an online facility to comment on the proposed budget which is reported to members as part of the budget setting process.

The Council is improving how it manages its spending. significant level of savings of £4.2million have been identified over the 3 year period 2010-12 and is taking action to address these. It is early days to determine whether the items identified are short term fixes. There is both individual and collective responsibility for financial management. A formal Scheme of Delegation and Financial Instructions are in place. Training on financial issues is provided to staff and members. The Council has approved and implemented a joint management team with Redditch Borough Council (RBC).

KLOE 1.2 (Understanding costs and achieving efficiencies)**VFM criterion met****Yes**

The Council is working to optimise partnership working. For example to improve services through the shared service arrangement with RBC and with the County Council. These arrangements are to deliver savings in the region of £1.2million over 5 years from 2010 for both authorities. I have prepared a separate review of the Shared service arrangements with RBC which has been reported to Council. This concluded that there has been robust discussion and evaluation of the costs and savings. Members have had good access to financial information to inform the decisions they make. Cost information to support decision making is of reasonable quality and where appropriate it is supported by other relevant information, for example performance, satisfaction, demographics, diversity.

The Council has invested over the last couple of years significant sums in the Spatial Project. The selection of supplier for the Spatial project was based on clear criteria and there were only a few suppliers available. Following negotiation with the provider the price was reduced.

The cost of the project as set out in the detailed business case were a payment of £4.8million including an upfront payment of £0.5million and the remainder at a later agreed date. Savings from the project have been harder to achieve as the majority of the savings were linked to income generation which has not been achieved due to the recession - the recession itself and its depth was not anticipated at the stage when these savings were allowed for. For example, through land charges and offsetting the cost of modernisation in selling data. However, savings through a restructure of the planning and environment services have been achieved together with improved access to planning for customers.

The second stage of the project delivered better VFM. The original set up for stage two of the Spatial project was scaled right back as the technology would not deliver as required and was not affordable. For the original specification the Council would have had to rewrite interfaces to pull data from back office systems so that the customer service centre could see the customer record in one place, at a cost of £2 million. A pragmatic approach was taken and the Council identified an alternative and appropriate solution costing £125K of Smartpoint using web protocols. This alternative also was not affected by any subsequent change to the backend IT system.

From 2010/11 the savings for the Spatial project are now badged as transformation savings. These are shown together with savings coming from the shared services and are identified in the MTFP as £578K - made up of the £302K Spatial project savings, and £276K shared services savings. The Spatial project savings are built into the MTFP and are not double counted within shared service savings. The shared service savings relate to efficiencies through CCTV/lifeline shared services etc. The single management team costs and savings are also identified separately.

VFM criterion met**Yes**

In addition to a joint senior management team many other initiatives are being implemented with RBC, county wide involving districts and County. The Council became host of regulatory services for the districts and county from June 2010.

There is a robust system in place for managing efficiencies and delivering cost savings from non-priority services to enable the improved performance of priority services. Plans to improve the lifeline/CCTV shared service include a shared control room with a reduction of costs. The Council's spend is relatively high compared to others and satisfaction is average or lower than average. However the Council has an improved understanding of the reasons behind this and is proactively working to improve through developing service reviews and delivering shared services. There is an understanding of the local context, how this impacts on spend and on how this may change the shape of future service delivery.

KLOE 1.3 (Financial reporting)**VFM criterion met****Yes**

The Council considers quarterly integrated performance and finance reports highlighting key financial performance issues and risks. This reporting enabled remedial action to be undertaken promptly as evidenced by a projected shortfall of £300K which required action to be taken in the year. Reports give a clear indication of where the organisation is, future pressures, where additional savings can be made together with forecast outturns for the financial year. The reports produced are clear and easy to understand. Monthly reports on-line are produced for budget holders.

Work on the implementation of IFRS financial statements has been undertaken in accordance with a detailed timetable and the Council has allocated specific resource to this.

VFM criterion met	Yes
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Summary financial information is published in a local newspaper each autumn which is understandable to the local community prepared in a format engaging to the reader. Council is clear about being open with the public. All reports good or adverse have been published on the council’s website and all committee papers are available online. It is at an early stage in collecting information on its environmental footprint.

The 2009/10 financial statements were well prepared and included all the entries necessary to amend the accounting treatment of the Spatial project which was the reason for my opinion being qualified last year.

KLOE 2.1 (Commissioning and procurement)

VFM criterion met	Yes
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Your procurement strategy links through to the Sustainable Community strategy and the corporate plan. You have identified opportunities to work with district partners in a number of areas to jointly commission and procure goods and services.

The Council has a clear understanding of the inequalities and diversity of its communities and this is reflected in its Sustainable Community Strategy (SCS). The Council’s procurement strategy links through to the SCS and the corporate plan.

The Council has good arrangements in place to engage with stakeholders, service users and harder to reach groups. Supplier seminars are held which concentrate on how to do business with the Council and encourage the use of procurement cards – which provides better VFM for the supplier.

There is improved access to services which is improving customer’s experience of services and satisfaction levels. Customers are able to access more services on line. The Customer Service Centre is able to deal with customer enquiries across the whole range of services. Voice Recognition analysis has been implemented in Benefits improving turnaround of claims. E-enabled procurement processes are at an early stage. The stable and robust IT platform has enabled shared services with RBC.

VFM criterion met**Yes**

The Councils understanding of the market in relation to procurement and commissioning has improved. The Council is making itself more accessible to businesses for example through having more framework agreements in place. It has a better understanding of how it can shape the market. For example councils can work more collaboratively and minimise the number of contracts in place with the same companies and improve VFM. They also understand which suppliers are very dependent on council contracts.

It considers different ways of procuring and commissioning services and goods. Working with the other Worcestershire districts, significant amounts of money were saved through the joint renegotiation of insurance contracts.

Shared services and collaborative working arrangements developing to improve VFM. The Council is already jointly providing services eg elections and back office functions of IT and payroll. The Council shares a procurement officer and has brought services together with RBC eg CCTV and lifeline.

KLOE 2.2 (Data Quality and use of information)**VFM criterion met****Yes**

The production of good quality data and governance arrangements for data sharing with partners have improved.

The evidence received shows the quality of data given to members has helped them to make well informed decisions. Information is often underpinned by diversity and equality issues, demographic information and with comparatives. For example, data presented to members about usage of the fitness suite supported a more robust decision being made to improve facilities for people. Another example is the quality of the data around telephone answering and queue times in the customer service centre which led to redesigned processes, more resources and ultimately easier and quicker access for people. IT systems are set up to minimise data handling and the occurrence of error.

Standards and practices are in place to make sure that systems are secure.

Performance management is robust with targets set and reported on. Targets are not maintained for their own sake.

VFM criterion met**Yes**

Financial and performance information is reported as one report quarterly which improves the council's understanding of VFM. This information includes trends and comparatives which means that senior officers and members are better placed to make well informed decisions. Members through the Performance Management Board scrutinise performance and receive enough information to know if there are areas of underperformance and address. The council's arrangements for project management continue to develop.

KLOE 2.3 (Good Governance)**VFM criterion met****Yes**

Good processes for member development are in place and primary status of the Member Charter has been achieved. Scrutiny has been strengthened. Members are kept up to date with what is happening locally and nationally through a scrutiny newsletter.

The Council has a clear vision of what it wants to achieve based on a sound understanding of local need. Relationships between officers and members are generally open and focussed. Problems are openly played out in the press which may reduce public confidence in the democratic process. The Council works hard to improve its understanding of community needs and to work with communities.

There is good training on ethical standards which has been recognised by the Standards Board for England. Compliance with gifts and hospitality rules are monitored. However whistle blowing procedures are not widely communicated. The Council is developing its arrangements for the declaration of interests by staff.

The governance of its partnership working is improving and you are learning from other councils. Closer scrutiny of how partner arrangements add to the decision making process are being looked at, as a result some arrangements have stopped. The Council has close working relations with the VCS eg on the community transport programme.

KLOE 2.4 (Risk Management and Internal Control)

VFM criterion met

Yes

The Council has adequate risk management arrangements in place. Highlighted risks have associated actions and owners to either eliminate or minimise that risk are clear and concise. Internal Audit undertake audits of the departmental risk registers and provide assurance the information reported in the quarterly monitoring report to members is accurate. Risk has been considered as part of the Shared service arrangements with RBC.

The Council is improving the arrangements it has in place to manage the risk of fraud and corruption. A corporate anti fraud team is in the process of being established. Pro-active work has been undertaken on the award of Council Tax single person discount with three proven fraudulent claims. Awareness training is being planned to be delivered to staff and members of the Audit Board. The Council has taken part in the NFI data matching exercise and all matches are followed up and investigated.

An Audit Board is in place meeting governance requirements. An Internal Audit section is in place to undertake cyclical reviews of systems and issues within the council based on a risk assessment. A recommendation tracker system is being implemented to the Audit Board for all high and medium risk recommendations to focus attention on the recommendations which will have impact and require follow up in order to reduce the risk to the organisation. Financial regulations are in place and these are reviewed on a regular basis to ensure that they are fit for purpose. These are available to staff via the intranet and the internet. Procedure manuals are in place to cover all the fundamental systems of the organisation.

KLOE 3.1 (Use of natural resources)

VFM criterion met

Yes

The Council is developing a strategy to understand, monitor and reduce its use of natural resources and its negative impact on the environment. Baseline information has been gathered in the areas where they can have most impact- mostly around CO2 emissions. It understands that its own buildings are poor rated and that investment will be needed to improve the level of emissions. Transport contributes highly to CO2 emissions. The refuse fleet is being changed

VFM criterion met**Yes**

and the procurement process considered sustainability for the new fleets. The service is also looking at better routing to improve VFM and sustainability, together with working with RBC collecting for each other when it's sensible to do so.

Targets have been set to manage performance around use of natural resources. The Council aims to reduce CO2 emissions by 2 per cent each year and has systems in place to monitor this. The Council works with the County Council and all the districts on the Warmer Worcestershire project - the over 60's scheme for insulation which was fully subscribed for this year. There is a grants scheme for renewable energy - solar panels, ground source pumps, mini wind turbines, and grants have been given this year. The Council is undertaking a local climate impact profile. The Sustainable Community Strategy has been revised and now has climate change as one of environmental priorities. Committee reports now contain a section to ensure consideration of sustainable issues. This is making people think about sustainability and the links to what they are doing. The Council is looking for ways to reduce its impact on the environment. The Council has systems in place to help protect and restore natural habitats. Working in partnership with the Worcestershire Wildlife Trust and the Environment Agency two projects to restore the natural habitats of water voles have taken place.

KLOE 3.3 (Workforce planning)**VFM criterion met****Yes**

The Council is improving its services to the public. Gaps in staff skills are identified through the performance management framework and Personal Development review which identifies training and development needs to increase performance and standards. Each member of staff has a monthly one to one with their manager. The Council has improved the way it is perceived as an employer. The level of employee satisfaction is important to senior officers and members and annual surveys of satisfaction are carried out. There are effective performance management arrangements to support management including sickness absence.

VFM criterion met**Yes**

A workforce plan is being developed and implemented in collaboration with RBC. The Council is Investors in People accredited and operates a Modern Managers Framework setting out the standards required of managers supported by a comprehensive training program.

Organisational change is effectively managed through visible and open leadership. The Chief Executive meets staff and gives clear messages whether good or bad and any members of staff can meet with him individually. This is supported by staff and manager forums.

There are established policies and practices to support diversity. There is an Inclusive Equalities scheme and an Equality and Diversity Forum has been operating over the last couple of years. The workforce reflects the local population in relation to age and ethnicity, though not in terms of disability. The Council has achieved Level 3 of the Equality standard. Job Evaluation was implemented in May 2009.

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