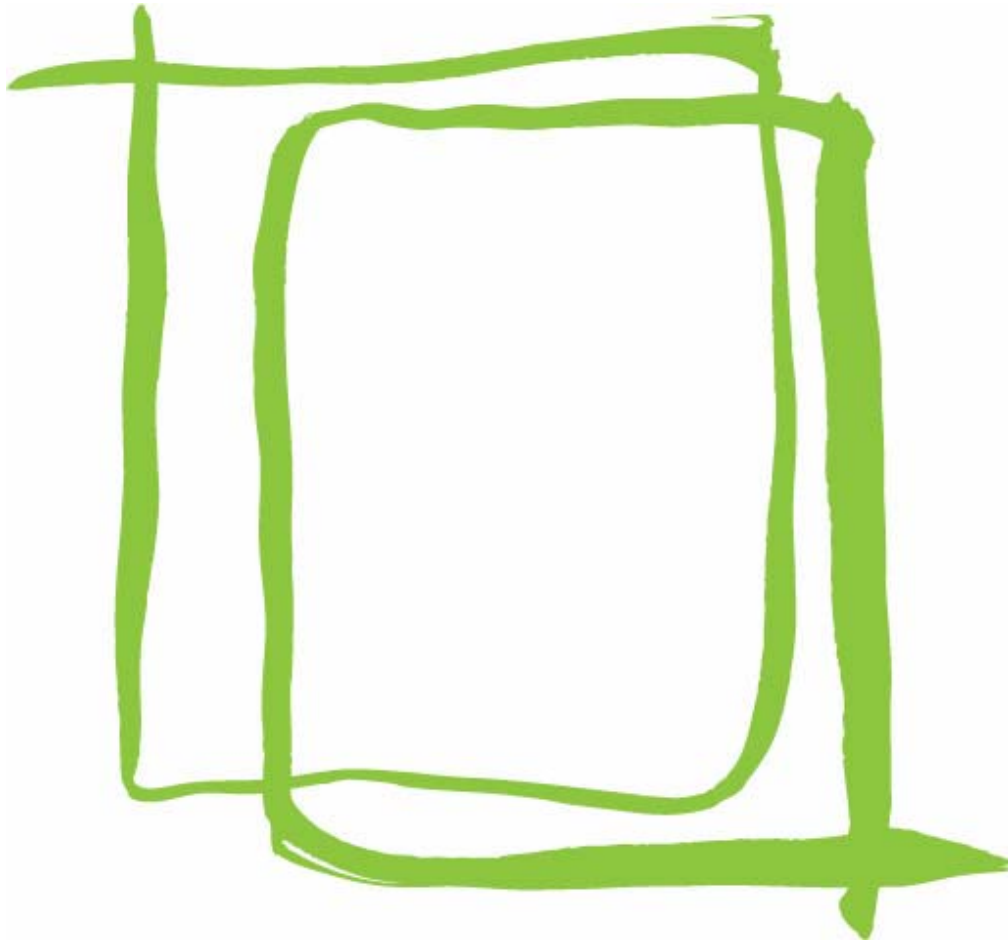


Use of Resources

South Somerset District Council

Audit 2008/09

September 2009



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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.
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Summary

- 1 This report summarises our key findings from our assessment of how South Somerset District Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people. Our detailed findings are shown in Appendix 1.
- 2 The new use of resources assessment framework is more demanding than previous use of resources assessments. It is broader in scope and embraces wider resource issues such as people and workforce planning, and the use of natural resources. It also places more emphasis on considering outcomes for local people.
- 3 Our scores for the Council - which have now been confirmed by the Audit Commission's national quality assurance (NQA) process - are that it has achieved Level 3 for each of the three Use of Resources themes. It has also scored Level 3 for all the Key Lines of Enquiry (KLOEs) supporting these themes, except for KLOE 2.4 (risk management and internal control). This is a very strong set of scores for the first year of the new methodology. The action plan at Appendix 2 highlights some of the key areas where action is needed to strengthen current arrangements.

Introduction

- 4 This report sets out our conclusions on how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people and give scored use of resources theme judgements.
- 5 In forming our scored theme judgements, we have followed the methodology set out in the [use of resources framework: overall approach and key lines of enquiry \(KLOE\) document](#) and the use of resources [auditor guidance](#). For each of the specific risks identified in relation to our use of resources work, which were set out in our audit plan, we considered the arrangements put in place by the Council to mitigate the risk and plan our work accordingly.

Use of resources framework

- 6 From 2008/09, the new use of resources assessment forms part of the [Comprehensive Area Assessment \(CAA\)](#) and comprises three themes that focus on:
 - sound and strategic financial management;
 - strategic commissioning and good governance; and
 - the management of natural resources, assets and people (for district councils, only management of people is assessed for the 2008/09 use of resources score).
- 7 The scores for each theme are based on the scores reached by auditors on underlying KLOE. The KLOE are generic and applicable equally to all organisations subject to use of resources judgements under CAA. This promotes consistency, demonstrating all organisations within a CAA area are treated in the same way, and to the same standards.
- 8 The Commission specifies in its [annual work programme and fees document](#), which KLOE are assessed over the coming year.
- 9 Judgements have been made for each KLOE using the Commission's current four point scale from 1 to 4, with 4 being the highest, please see Table 1. Level 1 represents a failure to meet the minimum requirements at level 2.

Table 1 **Levels of performance**

Level 1	Does not meet minimum requirements – performs poorly
Level 2	Meets only minimum requirements – performs adequately
Level 3	Exceeds minimum requirements – performs well
Level 4	Significantly exceeds minimum requirements – performs excellently

Source: [use of resources framework: overall approach and KLOE document](#)

Use of resources judgements

Scored judgements

- 10 South Somerset District Council's use of resources theme scores are shown in Table 2.

Table 2 Use of resources theme scores

Use of resources theme	Scored judgement
Managing finances How effectively does the organisation manage its finances to deliver value for money?	3
Governing the business How well does the organisation govern itself and commission services that provide value for money and deliver better outcomes for local people?	3
Managing resources How well does the organisation manage its people to meet current and future needs and deliver value for money?	3

Managing finances

- 11 Through robust financial planning, the Council has established a strong financial base for delivering its corporate priorities. It consistently delivers expenditure within budget, maintains balances above target levels, and has agreed a medium term strategy for using part of its significant capital reserves to help deliver corporate priorities. It uses treasury management to support its financial objectives
- 12 The Council engages effectively with the local community in financial decision-making. The MTFP identifies budget shortfalls for the next five years, and shows how these will be closed. The Council has an excellent record of delivering expenditure within budget. The Audit Committee calls officers to account for any significant weaknesses identified in audit reports.
- 13 The Council has a well developed understanding of its costs across its services and uses this in its improvement planning. Benchmarking and comparative data is used widely to compare the costs of services. This provides the Council with an excellent understanding of where and how its money is spent. It applies this knowledge in decision making. The programme of lean reviews delivers similar savings. The Council has a good understanding of the value of its assets and has processes in place to manage these effectively.

- 14 Internal financial reporting is timely, understandable and supports effective management action. The financial reporting systems are flexible and accessible. performance reports to members have financial and performance information, with commentary on the reasons for budgets or performance being off-course.
- 15 The Council has strong processes in place for preparing and approving the statement of accounts. The closure process is well-planned and resourced, the draft statements are supported by comprehensive working papers of good quality, and officers provide prompt and comprehensive responses to all queries raised at audit.
- 16 The Council publishes all external reports on its website and makes them available in a variety of formats in line with equality requirements.

Recommendations	
R1	Ensure there are clear links from charging policies to corporate policies, and that there is clear communication on how the Council's charges compare to those of other councils.
R2	Continue to develop the use of sensitivity analysis in financial planning.
R3	Complete equality impact assessments for all services and strategies and use the outcomes to inform service and financial planning.
R4	Engage effectively with key partners in the financial planning process.
R5	Continue to set and achieve challenging targets for collection and recovery of the key types of income and arrears.
R6	The District Executive should self-assess its effectiveness in providing leadership on financial planning and financial management.
R7	Ensure there are clear links from the Carbon Reduction Strategy to proposals to reduce carbon emissions in service plans.
R8	Use information from benchmarking exercises to inform budget setting and performance targets.
R9	Take effective action in service areas where performance and/or user satisfaction is relatively poor.
R10	Continue to identify the savings needed to close budget gaps.
R11	Make greater use of cost analysis, such as unit costs, in financial reports.
R12	Consult regularly with report users on the frequency, timeliness and format of reports.
R13	Consult regularly with external stakeholders about what information they want to see in external reports.

Governing the business

- 17 The Council has a clear and robust approach to procurement, with well-developed rules supported by examples of good practice, building on the Council's good understanding of its costs. The Council uses service redesign to achieve greater efficiencies. The Council uses its extensive data on its costs to inform areas for review and potential change, including out-sourcing.
- 18 The Council has well developed processes in place for managing information. A data quality clearly allocates responsibility for data at the highest management and political levels. There is clear guidance for staff which defines minimum requirements for data checking. The Council has a data sharing protocol. Decision makers receive relevant and comprehensive financial and performance data. There are business continuity plans for each service area, with regular testing. There are effective, industry standard policies in place for security and ICT compliance. The Council monitors performance through financial and performance reports although there is no specific link between the two.
- 19 There is a structured approach to equipping members to carry out roles effectively.. Last year, the council was first in the SW to receive the Charter Award for member development. The Council has a clear vision of what it wants to achieve for local communities. Corporate plan sets out plans to deliver this vision over the medium term. The Council has good arrangements for policing standards of conduct, but knows it need to develop a more proactive role. The Council ensures VFM from its partnership working and grants to voluntary bodies.
- 20 Risk management is embedded in financial and service planning, policy development and partnership working. The Council has good anti-fraud procedures, although it invests fewer resources in its benefit fraud team than many other councils. The Council has a sound internal control environment supported by effective internal audit and a challenging Audit Committee.

Recommendations
R14 Deliver the key objectives in the new procurement strategy.
R15 Use information on public satisfaction with services, and how this varies across different groups, to support improvement.
R16 Build on progress already made in understanding how existing and potential future providers can respond to the Council's commissioning needs.
R17 Review the format of the central contracts database to see if additional data, such as insurance details, would support effective procurement.
R18 Ensure that the Somerset information sharing protocol includes health partners and provides adequate focus on data quality.
R19 Complete the action plan from last year's Data Quality report.
R20 Strengthen the links between financial and performance reports.
R21 Make greater use of quartile information in performance reports.

Recommendations	
R22	Ensure that the performance management process gives adequate consideration to the Council's performance across the full range of national indicators.
R23	Use the local Code of Governance actively to support improvements in governance arrangements.
R24	The Standards Committee should be proactive in promoting the ethical agenda.
R25	Consider placing the registers of interests on-line.
R26	Establish arrangements for monitoring standards of conduct when working in partnerships.
R27	Review the format of the regular risk management reports to the Audit Committee to ensure they provide members with a clear summary of how the Council's major risks are being managed.
R28	Consider how the on-line risk management training module can be best used to support training for officers and councillors.
R29	Improve staff awareness of the Council's anti-fraud and whistle blowing policies.
R30	Address the weaknesses in recruitment procedures identified by Internal Audit.
R31	Review resources available for anti-fraud work, particularly benefit fraud.

Managing resources (workforce planning)

- 21** The Council has a trained and skilled workforce. Training programmes, including management development and supervisory skills, are provided and have been attended by around 130 managers to date. The Council has also provided places on MSc courses, with four staff having attended to date. The learning and development programme includes the 'train to gain' NVQ level 2 training programme. The Council has published a Skills Pledge and conducted a skills audit of all staff to identify gaps. Staff without a level 2 NVQ or equivalent related to their job can receive NVQ level training through the programme. Fourteen newly started staff have recently started the programme.

Use of resources judgements

- 22 There is a good councillor development programme in place, providing a range of development opportunities for councillors, including peer review programmes. Around four councillors have completed this programme, enabling them to bring learning from other councils into their own organisation. The Council has an effective approach to workforce planning and has good baseline knowledge about its employees skills and numbers and knowledge required. There are clear links made with the Council's needs to transform and skills it needs for 2012. The strategy sets out a plan to reduce staff numbers by 12 per cent by 2012. This will be achieved through vacancy management, prioritisation and redeployment. The strategy also links with other organisational objectives, including communicating with staff, managing transformational change, data quality, performance management and project management. The strategy identifies services with recruitment obstacles and the workforce action plans addresses this. However, within the action plan there are many actions focused on reviews, and little evidence of progress being made in strengthening recruitment in problem areas. The plan does not include analysis of staff morale or satisfaction.
- 23 There is a good range of communications and engagement opportunities for staff. The monthly newsletter received by all staff is informative, good quality and addresses important issues in an accessible format. The team briefs promote the Chief Executive's 'sounding board' meetings, meetings which enable staff to ask the Chief Executive questions or express concerns. Questions and responses are recorded and circulated for those unable to attend and indicate that previous actions raised by staff have been addressed although there is no specific record of actions to evidence this.
- 24 The Council publishes a wide range of 'keep it simple' briefing notes on various subjects such as data quality, how decisions are made, and workforce planning. The leaflets are written in plain English and are informative and easy to read. Staff have access to a staff suggestion scheme based on the Council intranet. The scheme was re-launched in October 2008 to provide written access for suggestions for staff that do not routinely access the intranet. Management Board consider all suggestions each month and choose up to two winning suggestions, each with a small cash prize. There are a wide range of up to date human resource policies in place which are accessible to staff. Policies are clear, reflect good practice and have frequent review dates. There are effective arrangements for monitoring grievances, disciplinary and capability cases by age, gender and ethnicity. While this provides a good overview of formal processes, not all the data in the records was completed in all cases. Records show the nature of issues raised, whether an appeal was held and the results of the appeals. The Council broadly reflects its community; staff with disabilities and those from minority ethnic groups each make up around 5 per cent of highest earners – proportionately higher than the 2.08 and 1.02 per cent population respectively.

Recommendations
R32 Demonstrate improvement in recruiting to hard to fill areas.
R33 Include an analysis of staff satisfaction and morale in the workforce plan.
R34 Monitor the effectiveness of the Talent Management policy.
R35 Collect and analyse staff satisfaction with 'Sounding Board' and similar meetings.
R36 Ensure appropriate equality details are included in people management records, such as those relating to capability, grievance and disciplinary cases.
R37 Ensure all councillors have personal development plans and complete appraisals.

Detailed findings

- 25** The key findings and conclusions for the three themes, and the underlying KLOE, are summarised in Appendix 1.

Use of resources 2009/10

- 26 The key lines of enquiry specified for the assessment are set out in the Audit Commission's work programme and scales of fees 2009/10. An additional KLOE, 3.1 – Natural resources will apply to district councils. However, KLOE 3.3 – Workforce planning will not be assessed.

Appendix 1 – Use of resources key findings and conclusions

27 The following tables summarise the key findings and conclusions for each of the three use of resources themes.

Table 3 Theme 1 – Managing finances

Theme 1 score	3
KLOE 1.1 (financial planning) score	3
Key findings and conclusions	
<p>Through robust financial planning, the Council has established a strong financial base for delivering its corporate priorities. The Council's MTFP uses sensitivity analysis for key variables. The policy on levels of balances is based on a rigorous evaluation of key financial risks. It consistently delivers expenditure within budget and maintains balances above target levels, and has agreed a medium term strategy for using part of its significant capital reserves to help deliver corporate priorities whilst managing the impact on the revenue account. It uses treasury management to support its financial objectives, maintaining a balance between prudence and performance. For 2008/09, it exceeded the CIPFA benchmark average return by one percent, and delivered a budget surplus of over £0.5m, whilst avoiding the problems around the failed banks. The capital programme is well-managed, with actual expenditure on projects completed in 2008/09 being within 1 per cent of budget overall. The outturn report demonstrates how this expenditure has helped deliver its corporate aims. All new capital bids are rigorously appraised by a Project Resources Group; this process identifies the expected benefits and outcomes to be used in the post-completion evaluation, which is reported to members. The Council sets itself efficiency targets above the national and local targets and consistently achieves these. It has a clear medium-term strategy for achieving efficiency savings, set out in its VFM Strategy. A key element of this strategy is to roll-out its Lean Thinking Review methodology, already tried and tested in the benefits services, where it delivered savings of £300k (20 per cent). Across all service areas. The senior management restructuring in the current year will deliver further full year savings of £365k.</p> <p>The Council engages effectively with the local community in financial decision-making, both through specific consultation on the budget and more general consultation, facilitated by its area committee and area forum arrangements, which helped it to achieve Beacon status for member work with local communities. There is local budgetary participation within the four areas, each of which is using its delegated budget to deliver local initiatives, such extra community facilities and a child drug awareness programme.</p>	

Appendix 1 – Use of resources key findings and conclusions

KLOE 1.1 (financial planning) score	3
Key findings and conclusions	
<p>The MTFP identifies budget shortfalls for the next five years, and shows how these will be closed through achieving savings targets which are challenging but, in view of the Council's record in this area and its clear strategy for achieving savings, achievable. The Council has an excellent record of delivering expenditure within budget -net expenditure has been within 1 per cent -of budget (under) in each of the last three years. At the same time, it ranked second for improvement nationally across the basket of Audit Commission PIs, and was short listed for the LGC's 'most improved council of the year'.</p> <p>Members receive regular training and presentations to ensure they understand key financial issues facing the Council and can provide effective challenge - the Council was the first in the SW to receive the Charter award for member development. Scrutiny members have the opportunity to review the budget process and detailed budget proposals from officers before these go to the Executive, and there are a number of examples of the 2009/10 budget being amended from this process. The Audit Committee calls officers to account for any significant weaknesses identified in audit reports, and continues to monitor actions on these weaknesses until satisfied they have been addressed. Budget holder responsibilities are set out in their job descriptions, supported by detailed budget guidelines, and budget holders have regular meetings with their nominated support accountant, key issues from which are reported to the Management Board.</p>	
KLOE 1.2 (understanding costs and achieving efficiencies) score	3
Key findings and conclusions	
<p>The Council has a well developed understanding of its costs across its services and uses this in its improvement planning. Benchmarking and comparative data is used widely to compare the costs of services, including Cipfa comparisons. Reports on costs categorise expenditure in terms of the type and number of invoice per supplier, the levels of overall spending with each supplier for specific goods and services, total costs and costs as a percentage of the overall Council budget. This provides the Council with an excellent understanding of where and how its money is spent. The Council applies this knowledge in decision making. For example, a review of print services showed that the Council was engaged with 24 different print companies. Cost comparisons were undertaken and as a result, the contracts were reduced to a single print management company who uses 5 local print suppliers. The programme of lean reviews delivers similar savings, for example, in the benefits services, where £300k was saved last year with marginal improvements in services. The Council uses similar comparisons to evaluate the cost effectiveness of its own services with external providers such as home aids. Analysis of performance, costs and service outcomes showed the Council performed well - second lowest in terms of spending and with the lowest percentage fees at 8 per cent. Good quality information on the Council's energy costs is maintained to capture consumption levels, costs, carbon emissions and percentage energy use from sustainable sources. As a result the Council has good intelligence on its energy costs but also how spending on energy helps to meet wider community outcomes. The Council has a good understanding of the value of its assets and has processes in place to manage these effectively. The Strategic Asset Management Group is chaired by the Leader and comprises the Portfolio Holder and officers and regularly reviews assets to determine whether they should remain in the Council's ownership. The Council is on target to achieve efficiency savings for this year. Required savings are well understood by managers and councillors and budget reports note progress against targets as well as including comparative data from previous years. The Council ranks 105th of 354 in terms of efficiency savings as a percentage of the baseline budget with 3.4 per cent savings for 2008/09. The Council has a good track record of delivering required efficiencies and achieved the 2007/08 target of £101k, however a budget gap of £1.1m is emerging for 2010/11 and the Council is developing plans to manage this through a programme of staff reductions and lean reviews.</p>	

Appendix 1 – Use of resources key findings and conclusions

KLOE 1.3 (financial reporting) score	3
Key findings and conclusions	
<p>Internal financial reporting is timely, understandable and supports effective management action. Budget monitoring reports to members highlight very clearly the key issues and action needed. Reports to budget holders are sent electronically within three working days of the month-end, and have recently been revised in response to feedback from managers. Monthly monitoring information to the Management Board includes comments on any variances from budget holders and accountants. High risk budgets have been identified and are listed in the budget setting report, and they are then monitored and reported more closely through the year. The council has an excellent record in taking prompt and effective action on any overspends, and has delivered expenditure within 1 per cent of budget - under each time - in each of the last three years.</p> <p>The financial reporting systems are flexible and accessible. Budget holders have on-line access to financial information. In budget monitoring reports, details of significant variances are accompanied by commentary on the factors underlying these. Activity information is used alongside performance information for the demand-led budgets as a check on the accuracy of the financial information. The performance report to members have both financial and performance information, with commentary on the reasons for budgets or performance being off-course.</p> <p>The Council has strong processes in place for preparing and approving the statement of accounts. The closure process is well-planned and resourced, the explanatory foreword provides a good summary of the key financial issues and financial performance in the past year and this encourages a robust member debate on the draft statements prior to approval. The draft statements are supported by good and comprehensive working papers, which included explanations for all significant variations from the previous year or from budget, and officers provide prompt and comprehensive responses to all queries raised at audit. The Council is well advanced in its preparations for IFRS, and has already reviewed the higher risk areas and identified the adjustments required.</p>	
KLOE 1.3 (financial reporting) score	3
Key findings and conclusions	
<p>The Council publishes all external reports on its website and makes them available in a variety of formats in line with equality requirements. The Shaw Trust has accredited the website for its accessibility to the visually impaired. The Council is also using Digital TV to reach those without access to the website, and has redesigned its local site to bring it more into line with user needs on the basis of findings from a national survey. The Council also redesigned its Council newsletter, sent to all residents three times a year, in response to feedback that it should be more informative about current Council issues and projects. It reduced the cost of this newsletter from 11p per copy to 4.5p by purchasing design software that allowed it to produce the document in-house. The explanatory foreword in the financial statements provides clear explanations for any significant outturn variances for both revenue and capital, and provides examples of how both types of expenditure have contributed to the delivery of corporate priorities. A four-page summary of the financial statements is sent to all households inside a free newspaper. Members are involved in the content of this summary to ensure that is user-friendly and jargon-free. The Council publishes a Carbon Strategy providing comparative information on carbon emission levels and setting out its planned actions and targets to become an exemplar council for carbon reductions by 2012, as well as how it will encourage staff and partners to reduce their emissions.</p>	

Appendix 1 – Use of resources key findings and conclusions

Table 4 Theme 2 - Governing the business

Theme 2 score	3
KLOE 2.1 (commissioning and procurement) score	3
Key findings and conclusions	
<p>The Council has a clear and robust approach to procurement. There are well developed rules in place supported by examples of good practice, building on the Council's good understanding of its costs. A contracts database is in use and monitored by the procurement officer providing the Council with a good overview of the range of contracts and suppliers it engages with. A Procurement Board oversees wider issues of procurement to maintain effective internal control, with any expenditure over £5k being referred to it. However there is no specific, long-term vision for how the Council uses procurement to meet wider community outcomes. While there is an in depth understanding of community needs, an explicit link between this and the Council's procurement strategy has not yet been made. Despite the lack of a vision, there are many examples of good practice. Staff are involved in procurement decisions - for example, the recent decision to re-provide print services involved extensive consultation and feedback from service areas on the performance of the new supplier. Responses to the consultation showed the new contract was delivering more consistent corporate branding, savings of between 15-20 per cent per item and staff time in managing print related activities. The Council attempts to use local suppliers in order to support the local economy. A supplier analysis tool is used to identify and track local suppliers and the amount of Council money spent with them. The Council is active in trying to demystify the procurement process and provides effective guidance on its website on how to do business with the Council, and works with Business Link and the Regional Development Agency to promote this approach, although the results of these measures are less clear. E-procurement is promoted by the Council and guidance is clear on how to engage with this for prospective suppliers. The Council uses service redesign to achieve greater efficiencies. In addition to the programme of lean reviews, the Council made efficiency savings in its ICT provision by rationalising the number of servers by 30, saving maintenance and energy costs, in addition to £70k in hardware. The changes were achieved by investing £55k in one off expenditure in new virtual servers and saving a whole time permanent staff post. The Council uses its extensive data on its costs to inform areas for review and potential change, including out-sourcing.</p>	

<p>KLOE 2.2 (data quality and use of information) score</p>	<p>3</p>
<p>Key findings and conclusions</p>	
<p>The Council has well developed systems and processes in place for managing its information. A data quality strategy is in place which clearly allocates responsibility for data at the highest management and political levels. The strategy specifically sets out requirements for data verification and uses a risk-based framework for selecting potentially critical data. There is clear guidance for staff on data quality which prescribes the steps to be taken in managing data, including specifying frequencies of quality checks, the responsibilities of staff and managers and timescales for reporting. The guidance defines the minimum requirements for data checking. The Council has a data sharing protocol in place with the other Somerset district councils and county council, but does not specifically address health or police partners. Decision makers receive relevant and comprehensive financial and performance data., Decision makers receive relevant and comprehensive financial and performance data, and the 2008/09 outturn report brings together budget and service performance information. Financial reports set out the current position across all service areas, targets, variations and summarises the data with favourable or adverse variation comments. Significant variations, defined as being over £50k, result in budget holders having to provide additional detailed comments. Expenditure for the Local Strategic Partnership and Area Committees is also provided in the reports. The Council has effective business continuity and disaster recovery policies and processes in place. There are business continuity plans for each service area and testing is undertaken regularly by ICT. The Council has installed a back-up generator and uninterrupted power supply to protect its IT systems and improve resilience. Back ups of data are taken each day and stored off site. There are effective, industry standard policies in place for security and ICT compliance. Firewalls and network filters are upgraded regularly and generate reports on web browsing habits of staff and councillors. The Council's policies are compliant with RIPA standards and were developed in consultation with staff. The Council manages its databases well; all databases are recorded, including electronic and manual databases, and the extent to which they are shared internally and externally. Training needs and the availability of user manuals are also recorded, however the expiry dates for maintenance agreements and renewal dates are not included. The Council monitors performance through financial and performance reports although there is no specific link between the two types of report. Performance reports are considered by District Executive on a quarterly basis, and by senior managers on a monthly basis. Performance reports include corporate objectives and under-pinning indicators, but not all are reported each time. Quartile information is used inconsistently so the Council does not always see how it compares to others. The Council uses other information to monitor its services in addition to performance reports; complaints records are scrutinised, customer mini-surveys are undertaken and results from the Place Survey are analysed in relation to postcodes to understand results and impacts of services across the district.</p>	

Appendix 1 – Use of resources key findings and conclusions

KLOE 2.3 (good governance) score	3
Key findings and conclusions	
<p>There is a structured approach to equipping members to carry out roles effectively. The Member Learning and Development Policy, approved in 2006, updated 2008, provides a framework for a four-year training programme supported by dedicated resources - a Member champion, Member Development officer and cross-party working group to monitor delivery of the programme against corporate priorities. Over 90 per cent of members attended at least 3 development events last year and 6 (10 per cent) successfully completed the IDEA Leadership academy. The Council worked with Bristol University over the last two years to develop a BTEC course tailored for councillors, and 9 of the Council's members have taken modules of this course. An annual member report publicises individual member roles and attendance at relevant committee meetings and training events. Last year, the council was first in the SW to receive the Charter Award for member development. Assessment panel feedback praised the Council's overall commitment to member development and commended the annual member bus tour of planning approvals as a particularly innovative training initiative.</p> <p>The Council has a clear vision of what it wants to achieve for local communities. Corporate plan sets out plans deliver this vision over the medium term. The organisation's mission is to 'enable-partner-deliver' its five main corporate aims. The Corporate Plan has been updated to clarify the links to other key strategies such as the LAA and Community Strategy The annual 'targets insert' provides detail of critical activities to ensure progress on key targets over the year ahead, together with resources required to deliver them.</p> <p>Regular ethical training is provided to members and in induction training for members and officers. Last year the Monitoring Officer took a 'roadshow' to the 4 area committees to remind members of Code requirements. The monitoring officer carries out regular checks from the register of interests to meetings agendas, covering each member at least once a year, to confirm members are declaring interests appropriately. The role of the Standards Committee and complaints process is publicised on the website, and Standards Committee receives and investigates complaints under new local assessment arrangements. The Committee issues an annual report to Council, provides required reports to the Standards Board and reviewed the member/officer protocol, but it does little proactive work to positively promote the ethical agenda - this is one of its objectives for this year.</p> <p>The Council ensures VFM from its partnership working and grants to voluntary bodies. The partnership register classifies partnerships as key, substantial or minor, based on cost and contribution to corporate priorities. It provides details of governance arrangements, responsible director, funding, performance targets and expected outcomes and review dates. For all key/substantial partnerships the partnership agreement or - for voluntary bodies - SLA, sets out targets and expected outcomes. Performance against these is included in quarterly performance reports, and members receive outturn reports which assess actual performance against these targets, to inform decisions on future grants/contributions. All funding bids are considered by the Corporate Grants Committee or area committee, and scored according to defined criteria including contribution to corporate priorities, impact on 7 target groups eg the elderly and those on low income, and whether other bodies are providing funding. Grants to the voluntary sector amount to £750k pa, but contribute to projects totalling £8m. The Council is piloting a project to take its evaluation of partnership working a stage, with the assessment of cost including officer time and management overheads, and plans to use this approach for major rationalisation of partnership working.</p>	

KLOE 2.4 (risk management and internal control) score	2
Key findings and conclusions	
<p>Risk management is embedded in financial and service planning, policy development and partnership working. Key risks, mitigating actions required and responsible officers are identified, for example, service plans identify the risks of not achieving each performance target and identify actions/responsible officers to address these risks. For projects, risk assessment is in the standard PID template. The Audit Committee and Management Team receive regular risk management reports, although these could be improved by a clearer focus on how the key risks are being managed. Members are involved in updating the risk register, for example the Audit Committee recently asked for risks in relation to a waste site and social networking websites to be added. The risk manager monitors that all managers are keeping their sections of the register up to date and reports inactivity to the Management Team for action. Members and officers received risk management training during the year, and there is an on-line training module which staff and members are encouraged but not as yet required to complete.</p> <p>The Council's anti-fraud policies have recently been updated, but internal audit identified found poor staff awareness of the content of these policies and whistle-blowing arrangements. The Council publicises successful fraud prosecutions eg through its website, press releases and an end of year press report on benefit fraud investigations in the year. Resources for benefit fraud investigation are relatively low - it is in the lowest quartile for investigators per 000 caseload - and this is reflected in relatively low level of sanctions. The investigation team has good liaison arrangements with the DWP, police, other local authorities and internal departments eg the police provide statements to the Council to assist prosecutions for benefit fraud, and the planning department shares recording equipment and uses the same procedures as the benefit fraud team in preparing case files. The fraud team carries out a limited amount of proactive work, focussed on higher risk areas, and this resulted in two prosecutions in 2008/09. Good use is made of data matching from both HBMS - the source of most prosecutions in 2008/09 - and NFI - which provided the highest value prosecution. The Council performs well in recovering fraudulent benefit overpayments. Appropriate checks, including CRB checks where relevant, are carried out on new staff, but internal audit identified some weaknesses in processes for checking qualifications.</p> <p>The Council has a sound internal control environment. IA meet the CIPFA Code requirement and provide broad coverage of the main financial systems. The Council carries out an annual review of the effectiveness of IA, and the results are reported to the Audit Committee to inform their consideration of the Annual Governance Statement. Internal and external audit work confirms that the key controls in the main financial systems operate effectively. For areas not covered by IA reviews, service heads are required to sign, and directors counter-sign, an annual statement confirming that controls within their areas have operated effectively. The Audit Committee provides strong challenge, and is particularly effective in following up any significant weaknesses identified in audit reports, calling managers to account where necessary. A Corporate Governance Group of the three statutory officers meets quarterly receives reports from the Head of Internal Audit and reviews the Annual Governance Statement, the clearest outcome to date being the decision to establish a new fraud team in 2009/10. Business continuity plans are in place for all services, and a business impact review was completed to identify the critical systems to be included in the Disaster Recovery Plan. Some testing has already been carried out, including a successful recovery of IT data.</p>	

Appendix 1 – Use of resources key findings and conclusions

Table 5 Theme 3 - Managing resources

Theme score	3
KLOE 3.3 (workforce planning)	3
Key findings and conclusions	
<p>The Council has a trained and skilled workforce. Training programmes, including management development and supervisory skills, are provided and have been attended by around 130 managers to date. The Council has also provided places on MSc courses, with four staff having attended to date. The learning and development programme includes the 'train to gain' NVQ level 2 training programme. The Council has published a Skills Pledge and conducted a skills audit of all staff to identify gaps. Staff without a level 2 NVQ or equivalent related to their job can receive NVQ level training through the programme. Fourteen newly started staff have recently started the programme. There is a good councillor development programme in place, providing a range of development opportunities for councillors, including peer review programmes. Around 4 councillors have completed this programme, enabling them to bring learning from other councils into their own organisation. The Council has an effective approach to workforce planning and has good baseline knowledge about its employee's skills and numbers and knowledge required. There are clear links made with the Council's needs to transform and skills it needs for 2012. The strategy sets out a plan to reduce staff numbers by 12 per cent by 2012. This will be achieved through vacancy management, prioritisation and redeployment. The strategy also links with other organisational objectives, including communicating with staff, managing transformational change, data quality, performance management and project management. The strategy identifies services with recruitment obstacles and the workforce action plans addresses this. However, within the action plan there are many actions focused on reviews, and little evidence of progress being made in strengthening recruitment in problem areas. The plan does not include analysis of staff morale or satisfaction. There is a good range of communications and engagement opportunities for staff. The monthly newsletter received by all staff is informative, good quality and addresses important issues in an accessible format. The team briefs promote the Chief Executive's 'sounding board' meetings, meetings which enable staff to ask the Chief Executive questions or express concerns. Questions and responses are recorded and circulated for those unable to attend and indicate that previous actions raised by staff have been addressed although there is no specific record of actions to evidence this. The Council publishes a wide range of 'keep it simple' briefing notes on various subjects such as data quality, how decisions are made, and workforce planning. The leaflets are written in plain English and are informative and easy to read.</p> <p>Staff have access to a staff suggestion scheme based on the Council intranet. The scheme was re-launched in October 2008 to provide written access for suggestions for staff that do not routinely access the intranet. Management Board consider all suggestions each month and choose up to two winning suggestions, each with a small cash prize. There are a wide range of up to date human resource policies in place which are accessible to staff. Policies are clear, reflect good practice and have frequent review dates. There are effective arrangements for monitoring grievances, disciplinary and capability cases by age, gender and ethnicity. While this provides a good overview of formal processes, not all the data in the records was completed in all cases. Records show the nature of issues raised, whether an appeal was held and the results of the appeals. The Council broadly reflects its community; staff with disabilities and those from minority ethnic groups each make up around 5 per cent of highest earners - proportionately higher than the 2.08 and 1.02 per cent population respectively.</p>	

Appendix 2 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
Managing finances						
6	R1 Ensure there are clear links from charging policies to corporate policies, and that there is clear communication on how the Council's charges compare to those of other councils.	2	Asst Director - Finance and Corporate Svces.	Yes	Ensure fees and charges register is more widely used and communicated. Communicate corporately more information on comparisons.	31 March 2010
6	R2 Continue to develop the use of sensitivity analysis in financial planning.	2	Asst Director - Finance and Corporate Svces	Yes	Will develop further for 2010/11 budget and MTFP	28 February 2010
6	R3 Complete equality impact assessments for all services and strategies and use the outcomes to inform service and financial planning.	2	Area West Services Manager	Yes	Completion of three yearly schedule of Equality Impact Assessments for all services. New schedule of EIAs for services and key strategies/policies established. Outcomes monitored quarterly	30 December 2009 30 December 2009 From July 2009
6	R4 Engage effectively with key partners in the financial planning process.	2	Asst Director - Finance and Corporate Svces	Yes	Ensure MTFs/MTFP is reviewed at earlier stage and partners are engaged.	31 October 2009
6	R5 Continue to set and achieve challenging targets for collection and recovery of the key types of income and arrears.	3	Asst Director - Finance and Corporate Svces	Yes	Group to be set up September 2009 to improve process and recovery corporately.	31 March 2010

Appendix 2 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
6	R6 The District Executive should self-assess its effectiveness in providing leadership on financial planning and financial management.	1	Asst Director - Finance and Corporate Svces	Yes	Will review with executive for MTFS/MTFP process - March 2010.	31 March 2010
6	R7 Ensure there are clear links from the Carbon Reduction Strategy to proposals to reduce carbon emissions in service plans.	3	Assistant Directors	Yes	Draw in service planning guidance.	April 2009
6	R8 Use information from benchmarking exercises to inform budget setting and performance targets.	2	Asst Director - Finance and Corporate Svces	Yes	Will continue to improve in this area. Some benchmarking is being done jointly with SPARSE.	Ongoing
6	R9 Take effective action in service areas where performance and/or user satisfaction is relatively poor.	2	Strategic Directors/ Assistant Directors	Yes	Will continue to action with Assistant Directors.	Ongoing
6	R10 Continue to identify the savings needed to close budget gaps.	3	Asst Director - Finance and Corporate Svces	Yes	This is reviewed regularly & MTFP updated.	Ongoing
6	R11 Make greater use of cost analysis, such as unit costs, in financial reports.	2	Asst Director - Finance and Corporate Svces	Yes	Improvements will be made during 2009/10 & 2010/11.	Ongoing
6	R12 Consult regularly with report users on the frequency, timeliness and format of reports.	1	Asst Director - Finance and Corporate Svces	Yes	Already done for 2009/10. Will consult again in 2010/11.	June 2010
6	R13 Consult regularly with external stakeholders about what information they want to see in external reports.	2	Management Board	Yes	Will continue to do through panel and other methods.	Ongoing

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
Governing the business						
7	R14 Deliver the key objectives in the new procurement strategy.	2	Procurement and Risk Manager	Yes	The key objectives in the new strategy have now all been applied and completed. A new strategy has been produced for 2009-2014 with a new action plan that will further embed procurement objectives. (Currently awaiting approval and adoption)	30 November 2009
7	R15 Use information on public satisfaction with services, and how this varies across different groups, to support improvement.	2	Management Board	Yes	Will continue to review through Management Board and the Performance Team	Ongoing
7	R16 Build on progress already made in understanding how existing and potential future providers can respond to the Council's commissioning needs.	2	Procurement and Risk Manager	Yes	Develop further training and analysis via the procurement board. Use spend analysis to determine areas of potential commissioning needs	01 January 2010
7	R17 Review the format of the central contracts database to see if additional data, such as insurance details, would support effective procurement.	1	Procurement and Risk Manager	Yes	A review of the central contracts database will take place in Nov, to see if this should be augmented with additional data	05 November 2009
7	R18 Ensure that the Somerset information sharing protocol includes health partners and provides adequate focus on data quality.	1	Asst Director Communities/ Third Sector and Partnerships Manager	Yes		March 2010
7	R19 Complete the action plan from last year's Data Quality report.	2	Asst Director - Legal and Corporate Svces	Yes	Outstanding actions to be reviewed and prioritised. Monitoring arrangements also to be established.	31 March 2009 and ongoing

Appendix 2 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
7	R20 Strengthen the links between financial and performance reports.	2	Asst Director - Finance and Corporate Svces/ Strategic Director (Place and Performance)	Yes	Performance information has already been included in the 2008/09 budget outturn report. Will explore how the new performance management system can facilitate this for future reports.	March 2010
7	R21 Make greater use of quartile information in performance reports.	2	Place and Performance Manager	Yes	Will be included in reports when available. Top quartile data has always been included in reports and analysed annually.	March 2010
8	R22 Ensure that the performance management process gives adequate consideration to the Council's performance across the full range of national indicators.	2	Place and Performance Manager	Yes	TEN allows full transparency of performance across all NIs and retained BVPIs. All NIs reported to MB quarterly.	Complete
8	R23 Use the local Code of Governance actively to support improvements in governance arrangements.	2	Asst Director - Finance and Corporate Svces	Yes	Already being done through SWAP audits. Local code also updated August 2009.	Complete
8	R24 The Standards Committee should be proactive in promoting the ethical agenda.	2	Asst Director - Legal and Corporate Svces	Yes	The results of a recent Ethical Governance survey will feed into a Development Plan for this committee that will include details for further promoting the work of the committee.	Phase 1 -30 December 2009 and Ongoing
8	R25 Consider placing the registers of interests on-line.	2	Asst Director - Legal and Corporate Svces	Yes	It already has been considered as during the most recent update of the Register entries member were advised that this would be happening and asking for any objections. There haven't been any so it will now be implemented.	30 November 2009

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
8	R26 Establish arrangements for monitoring standards of conduct when working in partnerships.	2	Asst Director - Legal and Corporate Svces/ Third Sector and Partnerships Manager	Yes	Third Sector & Partnerships Manager to work with Legal Services Manager to: <ul style="list-style-type: none"> develop Code of Conduct for partnerships; develop minimum standards for governance arrangements for all partnerships; and ensure Partnership Register is maintained and reviewed on annual basis. 	September 2010 April 10 Ongoing
8	R27 Review the format of the regular risk management reports to the Audit Committee to ensure they provide members with a clear summary of how the Council's major risks are being managed.	2	Procurement and Risk Manager	Yes	This is already done via a review of specific risk register to the audit committee. Members are provided with a risk profile and the details on the controls and actions for each risk.	Completed
8	R28 Consider how the on-line risk management training module can be best used to support training for officers and councillors.	2	Procurement and Risk Manager	Yes	Considering changes to the format to make it more relevant to SSDC staff and members.	Completed
8	R29 Improve staff awareness of the Council's anti-fraud and whistle blowing policies.	2	Asst Director - Legal and Corporate Svces	Yes	This will be one of the first tasks to be undertaken by the new Fraud and Data Manager in collaboration with the HR Manager. Multi media approach to be adopted and two 'events' per year.	30 December 2009 and ongoing
8	R30 Address the weaknesses in recruitment procedures identified by Internal Audit.	2	HR Manager	Yes	Actions identified by audit being addressed.	28 February 2010

Appendix 2 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
8	R31 Review resources available for anti-fraud work, particularly benefit fraud.	2	Asst Director - Legal and Corporate Svces	Yes	The new post of Fraud & Data Manger will provide additional resource in this area and will be tasked to undertake a review of current arrangements and resources.	31 March 2010 and ongoing
Workforce planning						
10	R32 Demonstrate improvement in recruiting to hard to fill areas.	1	HR Manager	Yes	This may be difficult to demonstrate in short / medium term because of recruitment freeze and downsizing.	
10	R33 Include an analysis of staff satisfaction and morale in the workforce plan.	2	HR Manager	Yes	Data already available will be included in workforce plan.	31 December 2009
10	R34 Monitor the effectiveness of the Talent Management policy.	2	HR Manager	Yes	Devise scheme to monitor effectiveness and outcomes.	30 June 2010
10	R35 Collect and analyse staff satisfaction with 'Sounding Board' and similar meetings.	2	HR Manager	Yes	Introduce collection of data and analyse	30 November 2009
10	R36 Ensure appropriate equality details are included in people management records, such as those relating to capability, grievance and disciplinary cases.	2	HR Manager	Yes	Data already being collected for age, ethnic origin, gender and disability.	Complete
10	R37 Ensure all councillors have personal development plans and complete appraisals.	2	Asst Director - Legal and Corporate Svces	Yes	Currently there are personal development plans for members but no formal appraisal mechanism for all members. There is a 'member profile' that identifies what is expected from each member and it is intended that this could be the starting point for an appraisal process. A feasibility assessment of the way forward will be the first step.	30 December 2009 and ongoing.

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