



Use of Resources 2009

Huntingdonshire District Council

October 2009

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1 Key Messages

1.1 Context

Under the Audit Commission's Code of Audit Practice we are required to reach a conclusion on whether Huntingdonshire District Council ('the Council') has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('VFM conclusion'). This report presents the results of our value for money and use of resources work in 2008/9. We have separately issued our annual report to those charged with governance (ISA260). The key messages from both of these reports will be summarised in the annual audit letter.

We described in our Audit Plan (May 2008) the areas of audit work that provide us with the assurance that contributes to our annual VFM conclusion. This report sets out our findings from these pieces of work:

- our assessment of the Council's Use of Resources (UoR), using the three themes within the Audit Commission's new assessment framework themes and Key Lines of Enquiry ('KLoE'),
- risk-based spot check work to assess the quality of data underlying a small sample of key performance indicators

In 2009, the Audit Commission introduced a new framework and methodology for Use of Resources (UoR) assessments across local government, police forces, fire authorities and primary care trusts. The new framework emphasises *outcomes* over *processes*, and brings new areas into the assessment such as environmental and workforce management. The new assessment presents a more robust challenge than the old framework, based on different scoring criteria. **It should be noted, therefore, that changes from prior year scores do not necessarily reflect an objective change in performance.** Further detail about the new framework and the link to Comprehensive Area Assessment (CAA) are set out in appendix B.

1.2 Key messages

The Council's UoR scores in the three themes are summarised in the table below. A score of 1 indicates inadequate performance, and a score of 4 indicates excellent performance. For a full explanation of scoring criteria, please see appendix C.

Table 1: UoR scores

Theme	2008/9 score
1 Managing finances	2
2 Governing the business	2
3 Managing resources	2

We have assessed the Council as performing adequately in all areas: arrangements are consistent with established professional practice and guidance, meet statutory requirements and operate effectively.

Our review identified that key areas of strength for the Council are elements of its governance and internal control arrangements. In particular, its risk management strategy and the effectiveness of its housing benefits anti-fraud team. The Council's Risk Management Strategy has been highlighted on the National School of Government website and is the only local authority strategy to be included.

To support our conclusions in the good governance theme, we undertook spot-checks of two performance indicators and considered the results of our mandatory work on housing benefits data quality. A significant issue relating to the definition and methodology used to calculate one of the two local performance indicators tested was identified which resulted in us determining that the PI could not be concluded to be fairly stated. Full details are included in section 5 of this report.

Key actions for the Council arising from our assessment include:

- showing that weaknesses in the application of procurement procedures have been addressed and that there are effective contract management arrangements in place.
- demonstrating how service reviews have improved the delivery of services and achieved cost savings.

Further details of work to support our 2009 Use of Resources assessment are given in section two.

1.3 Next steps

We will continue to work with the Council during the year to help prepare for the 2009/10 Use of Resources assessment. Further details of next year's assessment are set out in appendix D.

The recommendations arising from our review are set out in appendix A. We would like to take the opportunity to remind the Corporate Governance Panel of the need to monitor implementation of the action plan.

1.4 Use of this report

This report has been prepared solely for use by the Council to discharge our responsibilities under the Audit Commission Code of Audit Practice and relevant auditing standards and should not be used for any other purpose. No responsibility is assumed by us to any other person.

This report includes only those matters that have come to our attention as a result of performance of the audit. An audit of Use of Resources is not designed to identify all matters that may be relevant to those charged with governance. Accordingly the audit does not ordinarily identify all such matters.

1.5 Acknowledgements

We would like to record our appreciation for the co-operation and assistance provided to us by the Council's management and officers during the course of our audit.

2 Detailed findings

2.1 Introduction

In carrying out our audit work we comply with the statutory requirements governing our duties, set out in the Audit Commission Act 1998, in accordance with the Code of Audit Practice (the Code). The Code requires us to issue a conclusion on whether the Council has proper arrangements in place for securing economy, efficiency and effectiveness in the use of its resources. The UoR assessment forms the backbone of this process.

The UoR Key Lines of Enquiry (KLoEs) are prescribed by the Audit Commission and applied at all Councils, Police Forces, Fire Authorities and NHS PCTs. However, as our audits are tailored to local risks, we specifically identify and consider certain areas of greater audit risk for each organisation, as part of the UoR assessment. For the Council, we identified the following area for consideration in our Audit Plan.

Table 2: Consideration of local risks in our work

Local VFM risk identified in our Audit Plan	Where considered
Inadequate workforce planning and capacity can impact on delivery of ambitions and priorities.	The Council's workforce planning arrangements were reviewed as part of the assessment of KLOE 3.3.

2.2 Approach to the audit

The assessment was carried out between April and August 2009. We reviewed the Council's arrangements against the KLOE framework prescribed by the Audit Commission. Our work was based on review of the Council's self assessment and supporting evidence and meetings with senior management.

2.3 2008/09 UoR assessment

The 2008/09 KLOE and theme scores are shown in the table below.

Table 3: UoR theme and KLoE scores

Theme / KLOE		Score
Theme 1 - Managing finances		2
1.1	Financial planning	3
1.2	Understanding costs	2
1.3	Financial reporting	2
Theme 2 - Governing the business		2
2.1	Commissioning and procurement	2
2.2	Use of data	2
2.3	Good governance	3
2.4	Internal control	3
Theme 3 - Other resources		2
3.3	Workforce management	2

Please note:

- Some KLOEs have an overriding impact on theme scores - see Appendix C for more details of scoring criteria and arrangements.
- Different KLOEs are specified for assessment each year and across types of organisation. See appendix D for details.

2.4 2008/9 VfM conclusion

Under the Code auditors have a responsibility to reach a Value for Money (VfM) conclusion. Section 3 of the Code sets out the scope of these arrangements and the way in which auditors will undertake their work.

Auditors inform and limit their VFM conclusion by reference to relevant criteria. These criteria cover particular areas of audited bodies' arrangements, specified by the Commission under the Code. From 2008/09, the KLOE for the scored use of resources assessment also form the criteria for the VfM conclusion. The Commission will specify each year which of the use of resources KLOE will form the relevant criteria for the VfM conclusion at each type of audited body.

Auditors address a 'yes' or 'no' question for each criterion – that is the audited body either has proper arrangements or it does not. A 'no' judgement will be equivalent to level 1 performance for the use of resources assessment, and a 'yes' judgement will be equivalent to level 2 performance or above. Criteria with a 'no' judgement will automatically apply in the following year regardless of whether or not they are specified.

For bodies subject to a scored use of resources assessment for CAA, the KLOE forming the relevant criteria for the 2008/09 and 2009/10 VfM conclusion are those specified at Appendix D.

On the basis of the KLOE scores assessed in 2008/9 for Huntingdonshire District Council we have provided an unqualified Value for Money conclusion.

The key findings in each of the KLOEs, and areas for improvement, are set out in sections 4 to 6 of this report.

3 Approach to the Use of Resources Assessment

3.1 Identifying outputs, outcomes and achievements

In order to achieve level 3 or above in the new UoR assessment framework, organisations were required to show that processes are *effective* and having the *intended impact*. This is an important shift in emphasis from the previous framework, within which organisations could achieve top scores by demonstrating excellent processes. The table below gives generalised examples of the types of outcome that have led to higher scores.

Table 4: Illustrative examples of outcomes, outputs and achievements by KLOE

NOTE - these examples are for illustration only and do not comprehensively cover each KLOE. Refer to section 2 for KLOE headings.

	Outcome	Output	Achievement
1.1	Investment in priorities leads to improved performance	Savings targets met, performance reward grant achieved	Positive external assessment
1.2	Improved relationship between costs and performance	Service reviews completed identifying opportunities	Development of effective corporate efficiency programme
1.3	Healthy financial position	Improved financial skills	Early close of accounts, clean audit
2.1	Improved service performance at lower cost	Completed commissioning / procurement exercises	Innovative approach to joint commissioning External recognition for procurement
2.2	Better-informed decisions and robust data to stakeholders	Improved internal performance reporting	Finding and fixing problems with own or partner data
2.3	Flexibility and responsiveness whilst maintaining focus	All members trained in ethical behaviour	Achieving a more balanced political process
2.4	Risks identified and mitigated, frauds recovered	Development and review of risk registers	Development of effective partnership risk framework
3.1	Reducing emissions and water consumption	Training of environmental champions	Enrolment in carbon reduction programme
3.2	Improving condition of assets	Income from disposal of unwanted assets	Better office accommodation

	Outcome	Output	Achievement
3.3	Meeting skills gaps, improving staff satisfaction	Reducing turnover and sickness absence	Investors in people accreditation

There are some common sense principles that should be taken into account when seeking to identify outcomes:

- organisations should not have to identify new outcomes for the purposes of UoR assessment. These should be identified and captured through existing management activity; organisations should understand how their processes help them to achieve their priorities;
- outcomes and outputs should be measurable where possible, but if this is not the case then a qualitative description of the improvement is still useful; and
- there may not be a 1-2-1 relationship between processes and outcomes. There may be a small number of outcomes that arise as the net effect of a number of processes across a KLOE area.

3.2 Engagement in the assessment process

The Council engaged effectively with the assessment process in 2008/9. Our early discussions with senior officers and the Corporate Governance Panel helped the Council to prepare a focussed pack of evidence. Subsequent requests for additional information were dealt with promptly and the meetings held throughout the process were useful in ensuring focus on key areas to support the assessment.

3.3 Our approach to ensuring consistency

In line with the Audit Commission's move to Comprehensive Area Assessment, the new use of resources framework has been designed to provide more flexibility to recognise local issues, priorities and achievements. This has given auditors more freedom to establish the individual story of each organisation, rather than applying a rigid best practice template. To support this, both the Audit Commission and Grant Thornton UK LLP have put in place new arrangements for ensuring that judgements and scores are reached in a fair and consistent way.

The Audit Commission has:

- provided extensive guidance and training;
- introduced an area-based challenge process bringing together auditors within each region to discuss and challenge indicative scores;

- increased the visibility of comparative scores and commentary for auditors; and
- undertaken a detailed final quality assurance process including statistical analysis across suppliers, regions and types of organisation.

Grant Thornton has:

- provided internal training and guidance;
- developed a network of regional leads to oversee the audit process nationally;
- undertaken a number of internal consistency and challenge sessions, comparing our clients to each other and with their regional neighbours; and
- undertaken detailed review and quality control of scores and conclusions.

4 Managing finances

Theme summary

Overall the Council is performing adequately on managing its finances. The Council's strength area in this theme is its medium term financial planning which has resulted in a robust Medium Term Financial Strategy and demonstrates clearly how financial planning links through to corporate priorities detailed in Growing Success. However, areas identified for improvement in this theme include:

- Demonstrating greater engagement with local communities and stakeholders in the financial planning process.
- Integrating financial and non-financial performance reporting. There is currently limited evidence of a joined-up approach in revenue monitoring reports to Cabinet and performance monitoring report.

KLOE 1.1 - Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health?

The Council has effective arrangements in all areas of this KLOE. Corporate and service plans are integrated within the financial planning process to deliver a Medium Term Financial Strategy that focuses resources on priorities. Key outcomes include:

- The Council's Medium Term Plan (MTP) is focussed on Corporate Plan priorities. All proposals for additional spending are required to demonstrate which objectives they relate to and what their impact will be. Any projects where external funds or income are reducing need an MTP bid to allow the service to be maintained. Consideration of such bids allows their relative priority to be considered against the Council's other priorities.
- Evidence of engagement with stakeholders that has impacted on the way services are delivered and evidence that the Council is starting to engage more in this area. For example, a project with Cambridgeshire County Council and a social housing provider which requires engagement with residents on how capital resources should be allocated. A health impact assessment for Huntingdonshire facilitated by the Council has been used to determine what sort of services should be provided or developed for local residents following demographic changes and there is clear evidence of how consultation with users of the leisure centres has resulted in changes to service provision.

The Council has robust and effective medium-term planning processes. The MTP covers detailed variations for the following four years and a financial forecast covering up to a further 10 years. The MTP attempts to model all of the significant expected variations e.g. inflation, pay awards, interest rates. It also includes a forecast of Council Tax levels for the whole forecast period.

Overall, the Council is very clear about the collective responsibility for management of finances. Cabinet and individual portfolio holders are periodically briefed on financial issues to ensure they remain up to speed on current thinking and emerging elements. Cabinet does take a clear lead on financial issues and requires individual portfolio holders to take responsibility for their respective services. We have completed the Audit Commission Treasury Management workbook and no issues of concern have been identified.

Recommendation 1 - Demonstrating the Outcomes from Stakeholder Engagement in Financial Planning

The Council should demonstrate how the engagement of stakeholders in the financial planning process has led to changes in resource allocations and contributed to the achievement of corporate priorities.

KLOE 1.2 - Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities?

There are processes in place to ensure costs and activity are appropriately considered when making significant service delivery decisions, however, the Council provided limited information on how it is working to understand its cost drivers and the factors that influence costs in other areas.

Unit costs are often identified as part of the process for setting fees and charges, though competition from other providers also has a major influence. The Council provided evidence of the impact of benchmarking on some Council services, including its leisure centres, in terms of service provision and costs; however, financial benchmarking is not used systematically across the Council.

The decision-making processes in place at the Council are considered to be sound. Decision-makers are provided with a range of information and all requests for funding for projects require the completion of an appraisal that takes account of costs, risks, the impact on Council priorities and alternative ways of achieving the same result. All decisions on significant projects consider the range of risks that may affect the project and a range of resulting financial outcomes to test if the proposal will continue to be good value within a likely range of results.

The Council has a good track record in achieving its annual savings targets and has processes in place for identifying savings that can be reported against NI179. The Council has a significant target for spending adjustments that it is seeking to achieve through a number of actions including removing any spare budget provision, increasing fees and charges and service reductions, for instance. It is therefore

focussed on achieving these rather than efficiency items in isolation. These are considered on an-ongoing basis as well as part of the annual budget setting process.

The Council has a team of Business Analysts who routinely use Business Process Re-engineering techniques to change the way services work, examples include mobile devices are being deployed to Car Parking attendants, removing the lengthy delays whilst paper is processed within the Council and the Electronic Data Management project which has resulted in increased productivity of processing Housing/Council Benefit forms. The Council now allows customers to make payments using the Internet and, whilst this is at an early stage, there has been a shift of 10% from phone to internet payments.

Recommendation 2 - Using Service Reviews to Challenge Service Delivery

The Council should continue to review the delivery of its services and identify whether there are alternative methods by which services can be provided on a more cost efficient and effective basis. Where appropriate, reviews should involve consultation with residents and service users. The use of benchmarking has been shown to be effective where it has been applied; the wider application of process benchmarking should be considered.

KLOE 1.3 - Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people?

Whilst there are some strength areas of performance within this KLOE, there are others where improvements are required, for instance, the Council should look to improve on its review processes when producing its financial statements.

The Council's financial reporting is timely and is reliable and there have been no instances in recent years of forecast and actual outturn varying significantly. The reporting in place means that spending is controlled and variances to budgets are quickly addressed. Officers are provided with finance information on a regular basis and can request support from their service accountants as required.

The Council prepares its accounts in accordance with statutory guidelines. However, in both of the last two financial years significant adjustments were made to the accounts resulting from the audit. There is commitment within the Council to improving the process around financial reporting and this was demonstrated as part of the process of drafting the 2008/9 accounts and a thorough presentation on the accounts was given to the June 2009 Corporate Governance Panel meeting. However, improvements are required to the review process for compiling the accounts to ensure that those approved have been prepared in accordance with all financial reporting standards and that only insignificant adjustments result from the audit.

Recommendation 3 - Improving the Annual Accounts Review Process

The Council should strengthen its processes for reviewing its financial statements

prior to their approval. Use of the SORP disclosure checklist could be incorporated into this process to ensure that officers with specific responsibilities for sections of the accounts are checking these against the specific requirements of the SORP.

External reporting of financial performance to stakeholders is largely stand-alone and not linked to non-financial performance. The Council does not produce an annual report. The decision for not producing one is based on consultation with stakeholders that has shown limited appetite for this. It does, however, publish its summary financial statements in its quarterly newsletter.

Recommendation 4 - Demonstrating External Accountability

The Council should review its decision not to publish an annual report and whether this remains appropriate.

5 Governing the business

Theme summary

Overall the Council has been assessed as a level 2 in respect of the Governing the Business theme.

The Council has adequate arrangements, policies and processes in place in terms of most of the key areas covered by this theme, the exception being around adherence to procurement policies which have been flagged as an area of concern and for improvement in the Council's 2008/09 Annual Governance Statement.

Strength areas within this theme have been identified as:

- Well-developed risk management arrangements - the Council has had its risk management strategy included on the National School of Government website as a best practice example.
- Constructive working with the community and voluntary sector demonstrated through the recent move from three year funding to five year funding agreements which should help organisations to build capacity over the longer-term and also to increase the levels of external funding they are able to access.

KLOE 2.1 - Does the organisation commission and procure quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money?

Recent internal audit reviews of contract management at the Council have raised significant concerns about practices and processes in place and breaches of the Procurement Code have been identified. This was identified as an issue in the 2008/09 Annual Governance Statement and actions are planned to improve levels of compliance with the Code.

Recommendation 5 - Improving Procurement Processes and Contract Management

Procurement processes and contract management arrangements must be strengthened. The Council needs to ensure it has appropriate processes in place that result in effective contract management and the weaknesses identified in internal audit reviews need to be addressed as a matter of urgency.

The Council has demonstrated through its provision of leisure services that it is responsive to community needs and there is evidence that how this service is delivered has been shaped in response to feedback received from residents and service users. This is a strength area for the Council and consideration should be given as to whether a similar approach can be used in other service areas.

The Council has provided clear evidence of how it has used IT to improve services and also access to those services in recent years and the role of the Information Management Department in keeping services advised of new possibilities in service delivery offered by IT systems. This has led to changes in the delivery of the Housing Benefits service, for instance and there have also been benefits from the introduction of flexible working into some service areas.

KLOE 2.2 - Does the organisation produce relevant and reliable data and information to support decision making and manage performance?

Whilst the processes in place and the Strategy that supports the approach to ensuring data quality are considered to be robust, there are weaknesses in ensuring that all processes have been correctly followed. Although, the Council has taken a lead role in developing a Partnership Data Quality Strategy to ensure that, for example, shared data for National Indicators is accurate and reliable. There is no formal routine reporting on the accuracy of data presented in the quarterly performance reports. The most recent internal audits on performance indicators and the balanced scorecard date back to 2006 and gave limited assurance on the systems in place and to date there have been no independent reviews of the data shared and used by partnerships.

We consider that there is a lack of integrated financial and non-financial reporting. Revenue monitoring reports and quarterly performance reports are not routinely scheduled to be presented at the same Cabinet meetings and the reports are collated independently of each other. However, there is evidence that reporting against key performance indicators has been used to address underperformance in service areas. One such example of this is highlighting poor performance in recycling rates which resulted in increased focus and an improvement from 51.7% in 2006/7 to 55.1% in 2007/8. There has also been a marked improvement in processing planning applications following the introduction of a targeted improvement plan which resulted from reporting of under-performance.

Recommendation 6 - Integrating Financial and Non-Financial Performance Reporting

The Council should look to integrate its financial and non-financial performance reporting. This will further help to ensure that relationships between costs and performance are considered together and aid review of progress against performance targets and ultimately corporate priorities.

Data quality spot-check and housing benefits data quality results

To support our judgements for KLOE 2.2, we selected two of the Council's key performance indicators based on a risk assessment of the reported outturn position for the year which were subject to detailed checking. Where we identified significant concerns around the quality of the underlying data which would be likely to lead to a material misstatement, we reported our findings to the Audit Commission. Our summary findings are set out in the table below:

Table 5 - data quality spot-check results

Indicator Ref	Definition	Significant concerns?
Local	Length of Stay in Temporary Accommodation (ex BV 183a)	NO
Local	Private Sector Dwellings Brought Back in to Use (ex BV64)	YES
HB COUNT	Mandatory work on data quality for housing and council tax benefits	NO

The work undertaken on the local Performance Indicator (PI), Private Sector Dwellings Brought Back in to Use, identified that it had not been calculated in accordance with the methodology to calculate the former Best Value PI 64 which was what the local PI had intended to replicate and the Council had intended to report on. Our work concluded that the actual out-turn position for the PI did not accurately represent performance against its definition. We have discussed this issue with officers and advised that, as this is a local PI, the Council should determine what this indicator is looking to demonstrate about the Council's performance and redefine it and the methodology to calculate it accordingly.

Recommendation 7 - Spot-checking Performance Indicators

The Council should consider undertaking spot-checks on performance indicators throughout the year to ensure that they are being calculated correctly and in accordance with the agreed methodology for the indicator.

In reaching conclusions for KLOE 2.2, we also considered the results of the data quality aspects of our work on housing benefits. The management arrangements the Council has in place for Benefits data were assessed and found to be operating satisfactorily. In addition, module 2 of HB Count, the up-rating checklist, was completed to gain assurance that the benefit parameters and allowances had been updated to reflect the annual up-rating exercise. Sample testing confirmed that these parameters and allowances had been applied to the calculation of benefit entitlement and subsidy claimed. A sample of 20 claims was tested for data quality, grant certification and accounts audit opinion purposes. Our work identified no errors.

KLOE 2.3 - Does the organisation promote and demonstrate the principles and values of good governance?

There are constructive working relationships between Officers and Members and there are structures and processes in place to ensure that this extends to the partnerships the Council is involved in. Key outcomes for the Council are:

- The Council has agreed a commissioning model for the voluntary and community sector to assist in the delivery of strategic objectives. This has included the establishment of multi-agency commissioning agreements with Cambridgeshire County Council and the voluntary sector which have replaced individual agreements and led to efficiencies and improvements in performance monitoring and management.
- The use of a Partnership Framework against which all strategic partnerships are evaluated, including an evaluation of governance arrangements which helps to ensure the effectiveness of the partnerships its involved in and that they are assisting in the delivering of Council objectives. The Council has also led on the development of a Data Quality Strategy for Partnerships.

The Council is making progress in other areas, for instance, at the time of the assessment six neighbourhood forums were in the process of being established. These forums will enable residents to raise issues of concern in the communities. It has also been agreed that independent individuals will be co-opted onto its Overview and Scrutiny Panels. This will give representation to community interest groups or those with specialist knowledge.

Recommendation 8 - Demonstrating Outcomes from Partnerships

The Council should continue to build on its partnership arrangements and be able to demonstrate their effectiveness in terms of how involvement in partnerships has benefited the residents of the District. For instance, how has the Huntingdonshire Strategic Partnership utilised Local Public Sector Agreement (LPSA) funding to assist in the achievement of the Community Strategy priorities and how this contributed towards the achievement of the Council's corporate priorities.

KLOE 2.4 - Does the organisation manage its risks and maintain a sound system of internal control?

The Council has effective arrangements in all areas of this KLOE, and in some areas demonstrates strong outcomes. It has sound risk management arrangements and undertakes a rigorous programme of work to ensure that its systems of internal control are sound. Key outcomes in this area include:

- The use of specialist risk management software and the provision of on-going training and support to officers including a supported quarterly review

of service-level risk registers. This is an innovative approach and the Council has been highlighted on the National School of Government website for its risk management strategy. However, it should also be noted that there is limited take up of risk management training by Members, particularly outside of Members of the Corporate Governance Panel (CGP).

- Over the past five years, aided by joint working with the Department of Work and Pensions, the housing benefits fraud team has shown year on year improvement in its detection rate, sanction outcomes and levels of benefit fraud identified.
- Reporting by Internal Audit to the Council's CGP has resulted in effective monitoring of progress in areas of concern. For instance, monitoring and reporting on the implementation of internal audit recommendations has led to marked improvements.

6 Other Resources

For the 2008/09 assessment, the Council was only assessed against one Key Line of Enquiry for this theme, workforce management. Whilst the Council was assessed as a level two overall for this KLOE, there are areas of strength within this theme that are outlined below.

KLOE 3.3 - Does the organisation plan, organise and develop its workforce effectively to support the achievement of its strategic priorities?

Workforce planning at the Council is undertaken on a short-term basis through annual service planning or on a reactive basis, for instance, there is some evidence of workforce requirements being reviewed in light of the current economic conditions by specific services. The new HR Strategy and associated action plan should improve longer term planning, but at the time of the assessment, this had not been finalised.

The Council has a well-established appraisal process which includes the setting of individual performance targets and key performance areas which are then linked through to service priorities and corporate objectives and also identifies individual training and development needs. Whilst there is clear evidence that, in some service areas, the Council has specifically focused on developing the skills of employees in post so that they can progress to 'hard to recruit to' positions, there has been no council-wide skills gap analysis.

When undertaking new projects or introducing new initiatives an assessment of the capabilities of staff involved is undertaken, for instance, a skills gap was identified in the capacity for staff to complete the programme of Equality Impact Assessments which was addressed through internal and external training courses. The development of the Environmental Management Division is as a result of a skills gap being identified.

The Council uses a number of methods for engaging, communicating and informing staff of its plans. However, feedback from the most recent staff survey was that less than half of the respondents said that they felt they were kept up-to-date with what the Council was doing despite the Council having an active Employees Liaison Advisory Group. Positively for the Council, the 2009 Employee Opinion Survey showed general improvement in results compared to previous years. There have been significant increases in the level of staff who agree/strongly agree that they feel fulfilled in their jobs (63%, up from 54% in 2007) and that they are satisfied with the Council as their employer (79%, up from 71% in 2007).

Feedback from both stakeholders and employees on the Council's performance as an equal opportunities employer has been positive and the Council has received confirmation that it has met level 3 requirements for the Local Government Equality Standard. The report states that there are many strengths that the organisation possesses with its equalities work.

Recommendation 9 - Long-term workforce planning linked to corporate and business planning

The Council should move towards longer-term workforce planning which links to its corporate and business planning. This should look to identify where demand for services is likely to result in increased workforce requirements and actions that the Council can take to address any identified gaps. As part of this, the Council should undertake a skills gap analysis and use this as the basis of its training and development programmes. The Council needs to ensure that the analysis is sufficiently detailed to provide the information needed to contribute to its longer-term workforce planning.

A Action plan

No.	Recommendation	Priority	Management response	Implementation details
1	<p>Demonstrating the Outcomes from Stakeholder Engagement in Financial Planning</p> <p>The Council should demonstrate how the engagement of stakeholders in the financial planning process has led to changes in resource allocations and contributed to the achievement of corporate priorities.</p>	Medium	<p>Where appropriate we consult and engage with the public on services and the way in which they are delivered. We have evidence of how this has resulted in resource allocation. We have undertaken and continue to undertake consultation on the priorities for Huntingdonshire. The council will continue to do this and develop its engagement.</p>	Ongoing

No.	Recommendation	Priority	Management response	Implementation details
2	<p>Using Service Reviews to Challenge Service Delivery</p> <p>The Council should continue to review the delivery of its services and identify whether there are alternative methods by which services can be provided on a more cost efficient and effective basis. Where appropriate, reviews should involve consultation with residents and service users. The use of benchmarking has been shown to be effective where it has been applied; the wider application of process benchmarking should be considered.</p>	Medium	<p>The Council has embarked on a two-fold transformation programme “Balancing the budget, securing our future” this is the council’s long term plan to achieving savings and efficiencies whilst still maintaining or improving essential and priority services. This involves critical analysis and challenge to existing services.</p> <p>The council is also a sponsor of Making Cambridgeshire Count which will look at how we can shift and use resources differently to tackle inequalities.</p>	3 year programme starting in 2009

No.	Recommendation	Priority	Management response	Implementation details
3	<p>Improving the Annual Accounts Review Process</p> <p>The Council should strengthen its processes for reviewing its financial statements prior to their approval. Use of the SORP disclosure checklist could be incorporated into this process to ensure that officers with specific responsibilities for sections of the accounts are checking these against the specific requirements of the SORP.</p>	High	Agreed	Additional stages will be built into the close down process for 2009/10 in liaison with external audit.
4	<p>Demonstrating External Accountability</p> <p>The Council should review its decision not to publish an annual report and whether this remains appropriate.</p>	Medium	We will publish all the information that would be included in an Annual report periodically in District Wide, the Council's magazine distributed to all households in the district. The same information will also be available to view, all in one location on the internet.	Ongoing

No.	Recommendation	Priority	Management response	Implementation details
5	<p>Improving Procurement Processes and Contract Management</p> <p>Procurement processes and contract management arrangements must be strengthened. The Council needs to ensure it has appropriate processes in place that result in effective contract management and the weaknesses identified in internal audit reviews need to be addressed as a matter of urgency.</p>	High	Directors of Central Services and Commerce and Technology have undertaken to report back the Corporate Governance Panel on compliance with the Code and the Council has initiated improvements to the procurement process.	Ongoing
6	<p>Integrating Financial and Non-Financial Performance Reporting</p> <p>The Council should look to integrate its financial and non-financial performance reporting. This will further help to ensure that relationships between costs and performance are considered together and aid review of progress against performance targets and ultimately corporate priorities.</p>	High	<p>We will work towards this with available resources.</p> <p>An exercise by Heads of Service to breakdown their budgets by Corporate objective has been undertaken. This has been reported to Members of the Corporate Plan working group at the same time as they consider the quarterly performance reports</p>	<p>Ongoing</p> <p>Commenced Spring 2009, ongoing thereafter.</p>

No.	Recommendation	Priority	Management response	Implementation details
7	<p>Spot-checking Performance Indicators</p> <p>The Council should consider undertaking spot-checks on performance indicators throughout the year to ensure that they are being calculated correctly and in accordance with the agreed methodology for the indicator.</p>	High	<p>Managers will be reminded of the need to spot check their data and confirm this has been done. Other spot checks will be undertaken as part of the general service or reviews by internal Audit as and when appropriate.</p> <p>The quarterly performance reports to Chief Officers Management Team (COMT) and Cabinet now include a statement from the Head of Service confirming that the data has been collected in accordance with the appropriate Divisions' data measure templates</p>	<p>Policy & Research manager to e-mail all Heads of Service</p> <p>From September 2009 the quarterly performance reports to COMT and Cabinet include a statement from the Head of Service confirming the data quality</p>

No.	Recommendation	Priority	Management response	Implementation details
8	<p>Demonstrating Outcomes from Partnerships</p> <p>The Council should continue to build on its partnership arrangements and be able to demonstrate their effectiveness in terms of how involvement in partnerships has benefited the residents of the District. For instance, how has the Huntingdonshire Strategic Partnership utilised Local Public Sector Agreement (LPSA) funding to assist in the achievement of the Community Strategy priorities and how this contributed towards the achievement of the Council's corporate priorities.</p>	High	<p>The winter 2008 edition of the Councils magazine "District Wide" gave an update on how the LPSA Reward Grant was going to be used and identified the projects. The January 2010 editions will contain further articles on Partnership achievements and a further update on LPSA projects.</p>	Ongoing

No.	Recommendation	Priority	Management response	Implementation details
9	<p>Long-term workforce planning linked to corporate and business planning</p> <p>The Council should move towards longer-term workforce planning which links to its corporate and business planning. This should look to identify where demand for services is likely to result in increased workforce requirements and actions that the Council can take to address any identified gaps. As part of this, the Council should undertake a skills gap analysis and use this as the basis of its training and development programmes. The Council needs to ensure that the analysis is sufficiently detailed to provide the information needed to contribute to its longer-term workforce planning.</p>	Medium	This is being addressed via the review of and delivery of the HR strategy.	HR strategy to Employment Panel 9 th Dec. Implementation plan put into action from Jan 2010

B CAA and the new Use of Resources Framework

The Old UoR Regime

Local authorities' Use of Resources (UoR) has been assessed by external auditors under the Comprehensive Performance Assessment (CPA) regime since 2005. Until 2008, this took the form of an assessment in each of the following 5 areas:

- Financial Reporting
- Financial Management
- Financial Standing
- Internal Control
- Value for Money

Authorities received an overall UoR score, and a score for each area as set out below:

Score	Key
1	Below minimum requirements - performing inadequately
2	At only minimum requirements - performing adequately
3	Consistently above minimum requirements - performing well
4	Well above minimum requirements - performing strongly

This score directly influenced each organisation's overall CPA score and had a significant impact on external perception and reputation.

The move to Comprehensive Area Assessment

The CPA regime provided an effective roadmap and stimulus for improvement, which helped many authorities to move in the right direction, focusing on externally validated strengths and weaknesses. This was reflected by a national picture of gradually improving scores and assessment results from 2005-8, and improving services to the public.

However, in order to build on the success of CPA, the Audit Commission recognised the need to:

- Ask "how well are people served by their local public services?" rather than "how well are people served by their Councils?"
- Focus on outcomes for an area, not just on individual organisations
- Consider local priorities rather than apply a "one-size fits all" approach
- Consider whether performance is likely to improve in the future, rather than how it has improved in the past
- Place less importance on compliance and rules to reflect local differences.

In late 2007 the Audit Commission began to consult on a new framework for comprehensive area assessment (CAA), of which an updated UoR assessment would be a key component. The CAA framework that emerged focuses on areas rather than the organisations within them, and holds local partners jointly to account for their impact on the things that matter to the area as a whole. The CAA asks three key questions:

- How well do local priorities express community needs and aspirations?
- How well are the outcomes and improvements needed being delivered?
- What are the prospects for future improvement?

The CAA does not give an overall score, as was the case for CPA. However, there will be green flags given for innovative or exceptional performance and red flags given to indicate concerns about outcomes and performance.

CAA - key changes

CPA	CAA
Local government focus	All sectors and partners
Institution based	Area based
One size fits all	Focus on local priorities
Performance	Outcomes and perceptions
Collaboration between regulators	Joint assessment
Cyclical inspection	Continuous assessment, proportionate inspection
Focus on past performance	Focus on future improvement

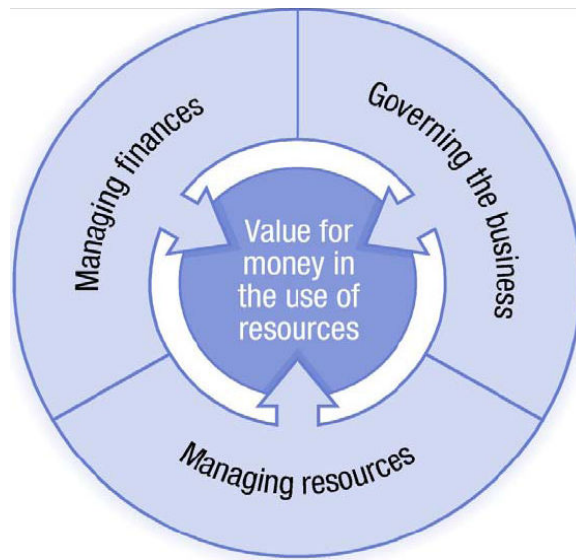
Source:- Audit Commission

Use of Resources under CAA

Alongside the area assessment, CAA will include organisational assessments for key public sector organisations including councils, primary care trusts (PCTs), police forces and fire authorities. Each organisational assessment consists of two components; an assessment of how effectively the organisation is addressing its own priorities, called "managing performance" for councils, and an updated UoR assessment will be applied similarly across the different types of organisation.

The new UoR framework under CAA applies from 2008/09. The diagram below shows the overall approach to the revised UoR framework. There are three themes replacing the five areas included in the old framework, and a number of key lines of enquiry (KLOEs) within each theme.

Use of Resources under CAA (source: the Audit Commission)



The individual KLOEs for each theme are detailed in the main body of this document. Scoring criteria are set out in appendix C.

C Scoring criteria and rules

The table below summarises the criteria used to reach scored judgements for each KLOE.

Level 2 Performs adequately	Level 3 Performs well	Level 4 Performs excellently
Arrangements consistent with established professional practice and guidance, meet statutory requirements and operate effectively.	Implemented effective arrangements that are: <ul style="list-style-type: none"> ➤ forward looking and proactive in identifying and developing opportunities for improvement; and ➤ include more sophisticated measuring and assessment techniques. 	Demonstrating innovation or best practice .
Arrangements sufficient to address the KLOE.	Outputs and outcomes demonstrate arrangements which are effective and have the intended impact , and show evidence of effective partnership working .	Demonstrating strong outcomes for the community including through partnership working .
Arrangements achieve minimum acceptable levels of performance .	Evidence of performing consistently above minimum acceptable levels and achieving VFM .	Evidence of performing well above minimum acceptable levels and achieving excellent VFM .

Theme scores are derived from a numerical average of the KLOE scores within that theme. In some cases such as theme 2 or theme 3 when only 2 out of 3 KLOEs are assessed, the average of KLOE scores could result in a number ending in .5. In such cases the following rules apply in 2008/9:

- For theme 2, if the average KLOE score ends in 0.5, then the theme score will be rounded up or down to the score for KLOE 2.2. Examples - KLOE scores of 3,2,2,2 = theme score of 2. KLOE scores of 3,2,3,2 = theme score of 2. KLOE scores of 2,3,3,2 = theme score of 3.
- For theme 3, if the average KLOE score ends in 0.5, then the theme score will be rounded up or down to the score for KLOE 3.1. Examples - KLOE scores of 3,2 = theme score of 3. KLOE scores of 2,3 = theme score of 2.

The Audit Commission document at the link below details the overall approach to UoR framework and full details of scoring methodology.

<http://www.audit-commission.gov.uk/SiteCollectionDocuments/Downloads/uorframework2008updatefeb09.pdf>

In addition the Commission published auditor guidance for the UoR framework. This is available at the link below. This provides details of the specific KLOE's and expected indicators for levels of performance:

<http://www.audit-commission.gov.uk/localgov/audit/UoR/Pages/guidance.aspx>

D KLOEs specified for assessment in 2008/9 and 2009/10

Some KLOEs are assessed on a rotating basis. The table below summarises the KLOEs that were assessed and formed the basis for the VfM conclusion in 2008/9:

Theme 1 - Managing finances		Single tier or county council	Districts	NHS PCTs
1.1	Financial planning	Y	Y	Y
1.2	Understanding costs	Y	Y	Y
1.3	Financial reporting	Y	Y	Y
Theme 2 - Governing the business				
2.1	Commissioning and procurement	Y	Y	WCC
2.2	Use of data	Y	Y	Y
2.3	Good governance	Y	Y	Y
2.4	Internal control	Y	Y	Y
Theme 3 - Other resources				
3.1	Environmental management	Y	N	N
3.2	Asset management	Y	N	Y*
3.3	Workforce management	N	Y	Y

*only assessed at PCTs with a significant asset base.

For the 2009/10 assessment, the following KLOEs will be assessed and will form the basis for the VfM conclusion. Scores achieved in 2008/9 will continue to apply for 2009/10 for those KLOEs not being assessed in year 2.

Theme 1 - Managing finances		Single tier or county council	Districts	NHS PCTs
1.1	Financial planning	Y	Y	Y
1.2	Understanding costs	Y	Y	Y
1.3	Financial reporting	Y	Y	Y
Theme 2 - Governing the business				
2.1	Commissioning and procurement	Y	Y	WCC
2.2	Use of data	Y	Y	Y
2.3	Good governance	Y	Y	Y
2.4	Internal control	Y	Y	Y
Theme 3 - Other resources				
3.1	Environmental management	N	Y	Y
3.2	Asset management	Y	N	N
3.3	Workforce management	Y	N	Y

*only assessed at PCTs with a significant asset base.

Full details of the scoring methodology are provided at the Audit Commission's website at:

<http://www.audit-commission.gov.uk/SiteCollectionDocuments/Downloads/uorframework2008updatefeb09.pdf>



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