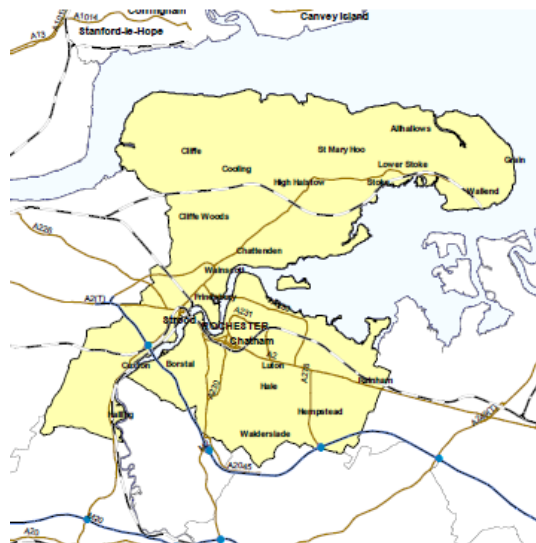
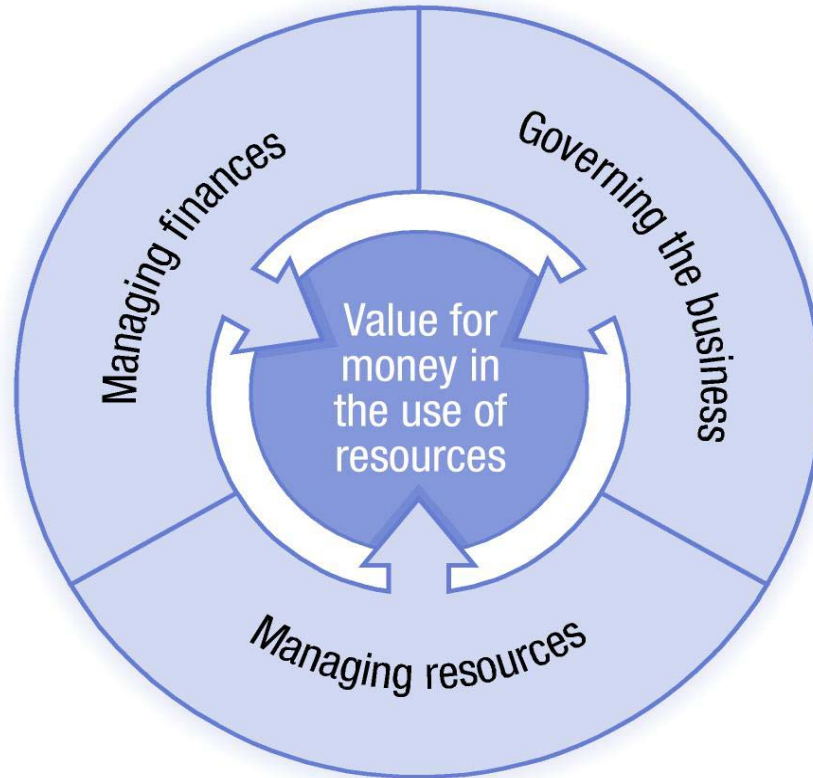


## Use of Resources 2009



## Medway Council

## Use of resources assessment framework



# The story so far.....and next steps

Use of resources scores given by auditors to local authorities across the country

Use of resources is part of a wider 'Organisational Assessment' ('OA')

OA involves an assessment by the Audit Commission of how the Council is Managing its Performance

The two assessments are linked but attract separate scores which are combined into a single 'OA' score

All Councils will be notified of their 2009 'OA' score by 9am Monday 19 October

A review of the score (by Audit Commission panel) may be requested by 5pm Friday 23 October

All of this informs the Medway 'Comprehensive Area Assessment'

**We will be discussing with officers action needed to sustain and improve further the Council's performance**

# Use of Resources Score

<u>Assessment Area</u>	<u>Score out of 4</u>
Managing Finances	3
Governing the Business	2
<u>Managing Resources</u>	<u>3</u>
<u>Overall</u>	<u>3</u>

Conclusion:

*The Council is 'performing well' in its use of resources*



# Managing Finances – Score 3 out of 4

Managing finances	Score
Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health?	3
Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities	2
Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people?	3
<b>Overall Score</b>	<b>3</b>

# Governing the business – Score 2 out of 4

Governing the business	Score
Does the organisation commission and procure quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money?	3
Does the organisation produce relevant and reliable data and information to support decision making and manage performance KLOE? <b>(‘Weighted KLOE’)</b>	2
Does the organisation promote and demonstrate the principles and values of good governance?	2
Does the organisation manage its risks and maintain a sound system of internal control?	3
<b>Overall Score</b>	<b>2</b>

# Managing Resources – Score 3 out of 4

Governing the business	Score
Is the organisation making effective use of natural resources?	<b>3</b>
Does the organisation manage its assets effectively to help deliver its strategic priorities and service needs?	<b>3</b>
Does the organisation plan, organise and develop its workforce effectively to support the achievement of its strategic priorities?	<b>Not reviewed 2009</b>
<b>Overall Score</b>	<b>3</b>

# Managing finances - 1.1

## Integrated financial planning

Annual budget comprehensive; reviewed throughout the year.

Star chamber process benchmarks costs, specifies efficiencies, resources and staffing, assesses service performance and targets using indicators; and mitigates risk. There are linkages to Council plan priorities throughout process - informs service plans.

Service plans support achievement of priorities and Council's core values, stating the national and local issues affecting delivery - service planning process is fully integrated with other Council plans.

A restructure has established a new directorate (Regeneration) to support achievement of key objective.

Risks and opportunities affecting investment and borrowing; and prudential indicators, are stated in the Treasury Management Strategy, which models assumptions using sensitivity analysis.

The Council has a good track record of balancing the overall financial position and shifting resources, e.g. reconfiguration of ASC service.

# Managing finances - 1.1

## Medium to long term financial planning

MTFS 2009-2012 models assumptions about inflation, interest rates, Council Tax, income levels and formula grant settlement, as well as resource drivers (e.g. impact of pupil numbers on Schools Grant).

The capital programme; associated debt; growth in services and impact of other Council strategies are quantified. MTFS provides clear links to Corporate Plan priorities and how resources are shifted across priority areas over medium term, and sets savings targets for next three years.

Council achieved its expenditure plans in last three years and target efficiencies of £8.3m in 2008/09 which have been diverted to the reconfiguration of ASC. Regeneration Framework 2006/16 provides overarching strategy for long-term regeneration of area, including social regeneration and housing (supported by £31m external funding).

# Managing Finances – 1.1

## Engages with stakeholders

Council consults with local communities/partners. Partnership and stakeholder fully engaged in TG regeneration work.

In developing corporate plan, the Council consulted through LSP, Citizen's Panel, Youth Parliament; Children's Trust Disability Partnerships and inter-Faith Groups.

Council reviews its consultation and managers are encouraged to innovate - neighbourhood workshops in local communities establish views of local people about services.

Benefits staff attend surgeries in local communities, ensuring vulnerable people can access services. Local people respond to consultation through the Council's website.

# Managing resources - 1.1

## Managing spending

Council manages low Council Tax base and pressures in budgets effectively. Good outcomes include surplus of £3.5m in 2008/09 (in the context of historical deficits) and improvement in strategic housing services performance.

Financial performance in priority areas remains effective.

Council responded quickly to deteriorating economic conditions, with increased benefit payments and reduced income streams managed corporately through savings.

Budget setting process enables Members to review policies on fees and charges to ensure these support objectives.

# Managing finances - 1.1

## Financial governance and leadership

Audit Committee provides effective oversight of financial matters, making recommendations to Council.

The Committee challenges the organisation to improve and has overseen work to improve performance in Housing and other sensitive areas, e.g. breakdown in controls in contracts.

Partnerships demonstrate strong financial governance and leadership e.g. LSP & Regeneration.

The Council uses a COMPACT with voluntary groups, ensuring a clear framework.



# Managing Finances – 1.2

## Understanding costs

Addressing structural financial pressures means track record of challenging the cost of services – now moving towards a more strategic use of cost and performance information and away from project-based/short term reviews

Managers review unit costs and benchmarking - now working towards using cost and activity information over a longer planning horizon. Good examples of scenario planning to predict cost behaviour, based on unit costs and cost drivers.

Where available, benchmark data used effectively in service planning. Well developed in planning for Children's Care; Adult Social Care; Customer Services; and Payroll. Financial planning across adult and social care services is supported by a comprehensive database of costs and need.

Fair Access to Care Review provided clear conclusions on how services, and resources, should be directed to those in most need (using estimates of the growth in the elderly and very elderly population).

# Managing Finances – 1.2

## Decision making

Reports to Cabinet and Scrutiny Committees provide information to support decisions about service delivery and staffing. Outcomes in 2008/09 include:

- investment in Older Persons Mental Health facility based on clear cost and benefit analysis to inform the decision making process.
- waste collection service, level of service reviewed using option appraisal
- difficult decision to introduce ‘critical and substantial’ threshold for eligibility for social care, which is a key driver for the adult social care underspend.

# Managing Finances – 1.2

## Making efficiencies

Expenditure per head of population is generally lower than average - where expenditure is higher, such as education expenditure and waste disposal - resources follow priorities.

Common framework for VFM / service planning enables systematic review of unit costs and performance.

Council report efficiency savings targets exceeded, £13.1m savings between 2006 and 2008, further £4m achieved in 2008/09.

Council considers whole life costing in assessing significant projects.

Reconfiguration of the special education needs service, away from expensive out of area residential placements and towards community based services secured sustainable savings.

Council demonstrated good understanding of the high cost of services as people made the transition from children's to adult services, using a whole cost approach to understand where efficiencies could be made

# Managing Finances – 1.3

## Financial Monitoring and Forecasting

Monitoring and forecasting is effective and has enabled Council to establish and maintain balanced financial position.

Expected outturn is estimated throughout year, with Members approving shifts in resources to achieve financial balance and support changing priorities

Approach to budget monitoring has evolved and is fit for purpose. Members are consulted and satisfied with scope and extent of financial information provided.

Emphasis on end of year position ensures closure of annual accounts is achieved efficiently in advance of statutory deadline.

Financial reports are assessed for risk and these are recorded in departmental risk registers.

Council produces accurate and timely financial and performance information to support effective partnership working and support decision making such as within learning disability pooled budget.

## Managing Finances – 1.3

### Fit for purpose financial reports to monitor performance and support decision making

Financial governance fully integrated – ‘golden thread’ of star chamber reviews, service planning and annual budget setting, performance reporting and quarterly review

Provision of risk assessed and accurate information supports increased reserves - interest equalisation reserve addressing reductions in investment income established 2009.

Financial and operational performance of strategic partnerships reviewed, with investment of £1.2m agreed from PCT through innovative pooled budget. Effective joint commissioning with PCT has contributed to £4m underspend in Physical & Learning Disability Service, with financial performance of LD pooled budget transformed from deficit to balance

Council provides clear leadership through ‘Medway Renaissance’ partnership towards Thames Gateway outcomes, performance reports are good quality, with links to financial reporting. Accessible performance data helps Council understand and share progress in delivering regeneration programmes with partners.

# Managing Finances – 1.3

## Preparation of accounts

Council has track record of producing high quality accounts supported by comprehensive working papers.

Senior management supports finance team in production of accounts. Audit Committee challenges financial reports and supports finance in earlier accounts closure.

Finance team has worked with all departments to raise awareness of IFRS regime and has plans for dealing with significant issues (leases, PFI, component accounting).

Members of Audit Committee updated on IFRS implications for Council's financial reporting.

# Managing Finances – 1.3

## Publishing reports

Council keeps publication of information about its finances under review based on its annual consultation programme.

Annual report contains information about finances; performance; environmental issues, developed in response to consultation with stakeholders.

Summary is provided in a Council magazine delivered to every household - information links to Council priorities.

Council continues to collect detailed information about carbon footprint and has included details in annual report.

# Governing the Business – 2.1

## Clear vision of expected outcomes

Commissioning is effective in delivering key services and a significant regeneration programme, based on strategic needs assessment.

Council and partners have published a 'story of place'. Informed development of second community plan and LAA, complements the JSNA, underpins joint development, commissioning and procurement of health and social care services.

Comprehensive analysis of need informs the joint commissioning (with the PCT) of adult and children's social care services, such as:

- investment in tackling obesity (both adult and children's)
- effective joint commissioning of adult social care services, and the use of pooled budgets with the PCT for delivery of services.



# Governing the Business – 2.1

## Extensive Involvement in Commissioning

Commissioning is effective; delivering objectives set in Children and YP Plan and the Community Safety plan, both developed from strategic needs assessments.

Housing Strategy underpinned by sub-strategies reflecting needs of specific groups - integrated commissioning team has revised commissioning and procurement processes/joint funded contracts in Children's Services to ensure consistency.

Engagement with local communities is effective

Equalities and sustainability considered in 'Gateway' commissioning and procurement processes; embedded and based on an assessment of value and risk which encompasses sustainability, equalities and local community issues.

Procurement Board monitors project delivery in consultation with the relevant Portfolio Holder.

# Governing the Business – 2.1

## Improvement through service redesign

Physical and learning disability Partnership Boards include service users, ensuring services are designed with input from the people who use them.

Children's services is training young people to become 'commissioners' and actively engages with looked after children to obtain views on service delivery.

The Carers' Strategy developed in partnership with PCT, service users and families, ensuring strategic approach based on effective consultation.

Adult Social Care uses consultation and national procurement tools.

The Council has also published guidance for voluntary sector organisations who wish to tender for Medway contracts.

# Governing the Business – 2.1

## Understanding the supply market

Procurement Board oversees delivery of Procurement Strategy. Outcomes include OP MH residential care costs reduction from £900pw/ph to £500pw/ph balancing improved care and savings.

£31m regeneration programme has social regeneration at core ensuring all areas of local communities maximise the opportunities available to them and improve quality of life.

Kent Buying Consortium procured contracts such as printing services (Medway led). North West Kent Procurement Partnership secured economies of scale through joint purchasing, including SEN transport (achieved savings of £0.95m on £4m budget) joint bus shelter procurement, joint review of procurement processes and contract rules, and joint printing contracts.

Thames Gateway Building Control Partnership (Kent Councils) enables joint commissioning of building control services

## Governing the Business – 2.2

### Produce reliable data and work with partners to ensure the quality of data

Quality Assurance procedures through agreed standards extended to data for the LSP.

New performance management system due to be fully implemented December 2009 - designed to ensure data standards are applied consistently, providing audit trails highlighting amendments, enhanced access and security controls and procedures to verify data has been checked at point of entry.

Council works with partners in a performance driven culture, ensuring information requirements are specified in partnership agreements, such as in pooled budget and joint commissioning arrangements with NHS partners; information is shared to ensure common understanding of performance.

Increasingly, LSP is using shared data through leadership shown by the Council. The Community Safety Partnership's strategic assessments use data on antisocial behaviour and crime to target resources effectively.

## Governing the Business – 2.2

### Information which supports decision making process

The presentation of data is clear and has developed over time in response to user requirements.

Reporting arrangements are consistent between service departments and corporate performance management reports

Diversity/equalities data informs decision making

IA reviews data quality based on risk assessments and reports the outcome to the Audit Committee.

Comprehensive framework of strategies and policies supported by training for officers involved in data handling.

Council is working with partners to ensure data produced is fit for purpose. Audit Commission inspection of regeneration in 2009 concluded there is positive approach to sharing data with partners.

## Governing the Business – 2.2

### Data security and compliance with relevant statutory requirements

Data controlled through secure access - business continuity plan for business critical information systems.

IT back up programmes are in place for disaster recovery purposes.

Government Connect accreditation confirms compliance with the national code of connection. Programme in place to ensure continuing compliance.

ICT security policy reviewed regularly and available on Council's intranet, with references to the employee code of conduct which also covers data security.

No data security breaches were reported in 2008/09.

## Governing the Business – 2.2

### **Monitor performance against its priorities and address underperformance**

Cabinet maintains oversight of performance towards targets and progress with significant projects.

Senior management team, Cabinet and scrutiny committees review performance and basis of information provided.

Where further investment is needed to improve performance, the Council ensures this is sustained through the annual and medium term financial planning processes:

- Investment in Community Safety Partnership projects sustained (community safety info screens)
- Project with CAB to offer personalised employment advice and support,
- Action to improve performance in strategic housing service (enhanced indicators and benchmarking data)

## Governing the Business – 2.3

### Principles of good governance

Significant regeneration agenda underpinned by effective governance arrangements

Council provides visible leadership to some effective delivery partnerships with others developing quickly in light of ambitious agenda for the area

Common sense of purpose within the LSP, ensures partners work effectively to understand their different cultures and strengths; ensuring focussed performance management. New thematic LSP partnership boards recognised by DCLG as good practice for smooth transition and ownership.

Officers and members are clear about roles; decision-making is effective.

All Members have personal development plans.



## Governing the Business – 2.3

### Purpose and vision

Leadership is effective and ensures focus on priorities. The ambition to ensure everyone benefits from regeneration activity is met through effective community leadership shown by Members and management.

Council secured funding for regeneration (Thames Gateway project) including £72m for infrastructure/land acquisition.

Strategic vision articulated through Community Plan, LAA and 2009-12 Plan, ensuring priorities underpin LAA objectives and cascade into directorate/service plans.

Vision and priorities based on understanding of need across diverse communities informed by JSNA.

Partnership working with the Third sector/minorities ensures the Council's priorities address the needs of diverse communities.

## Governing the Business – 2.3

### Ethical framework and culture

Council has codes of conduct and all Members attended training and provided feedback to ensure it is relevant and clearly understood.

Officers understand the behavior expected as public servants: stated in the officer Code of Conduct.

Member Development Advisory Group meets quarterly to oversee delivery of training programme. Council has secured the South East Employers Member Development Charter until 2011

Council publishes details about individual Members' expenses and allowances on website. Ethical training provided to Members in year, though not ethical audit undertaken.

The Council has taken action to ensure Whistleblowing arrangements are consistently applied and publicised.

Standards Committee ensures ethical agenda is understood and promoted in local communities. No referrals to the Standards Board for England in 08/09.

## Governing the Business – 2.3

### Partnership governance

Enhanced VFM secured from social care/health partnerships, where financial performance has been transformed through better procurement and transfer of responsibilities.

Outcomes from regeneration are significant and long-term.

Council monitors achievement of joint objectives with partners through performance management arrangements, with LSP, NHS partners and Community Safety Partnership.

VFM of partnerships is considered through service, financial planning and performance management arrangements.

COMPACT is in place with voluntary and community sector organisations

# Governing the Business – 2.4

## Risk Management

Risk management arrangements embedded - effective internal control arrangements. Visible leadership means Council's risk approach is understood across the organisation.

Strategic planning, policy making and review processes, service and financial plans; and all Council projects and partnerships and strategic plans (LSP, Medway Renaissance, service delivery partnerships the NHS, Police and Children's Trust and MTFs) are risk assessed.

Cabinet reviews corporate business risk register every six months to oversee business risks.

Risk management has helped transformational change in adult and children's services (joint dept), development of academy schools and successful delivery of Thames Gateway outcomes (positive Audit Commission inspection report in 2008).

Audit Committee receives an annual report on risk management.

All partnerships are reviewed for risk as they are developed/established and kept under review through risk management process.

## Governing the Business – 2.4

### Anti-fraud and corruption arrangements

Comprehensive framework of anti-fraud and corruption policies, updated for best practice, covers partnerships and key service delivery partners.

Policy requires Members and officers to develop and maintain an anti fraud culture. Council co-operates with other organisations, including contractors to prevent organised fraud.

Successful prosecutions are publicised to deter fraud.

Council liaises effectively with DWP where income support fraud suspected, and other data matching, investigating cases referred.

Audit Committee receive regular reports on outcomes of benefit fraud investigations.

# Governing the Business – 2.4

## System of Internal Control

Scrutiny Committees systematically review Council's financial and operating performance and commission reviews and reports in specific areas.

Audit Committee works effectively; commissions and considers reports where there is a risk to Council achievement of objectives.

Senior management team, Cabinet and Audit Committee review the annual governance statement as a stand alone document and provide comments to inform publication.

Continuity plans for council and partners fully assessed

Council has a comprehensive approach to emergency planning; works through local resilience forum to establish compatible emergency response arrangements and to assist Emergency Services.

## Managing resources – 3.1

### Understand and quantify use of natural resources

Strategic approach and achievement towards targets

In 2004 the Council began work with Carbon Trust (LA Carbon Management Programme) to understand environmental footprint

Carbon Management Plan produced - developed into 3 year Sustainability Strategy (2007 - 3 core objectives: sustainability of the Council's estate; sustainability implications of services, promotion of sustainability throughout Medway and partners.

The strategy quantifies carbon emissions, evaluates options and implements an action plan.

In 2005/06, the Council set a central target of a 10% reduction in its own carbon footprint by 2011 (achievement to 2007/8 was 4.6%) on baseline assessment of assets. LAA sustainability targets (13.9% reduction by 2011 of CO<sub>2</sub> for area) and included in the 2009-12 Council Plan)

## Managing resources – 3.1

### Manage performance to reduce impact on the environment

PSA target - 84k tonnes of carbon saved for £85k investment (£1/tonne compared to £100/per tonne benchmark).

Staff mileage has reduced by 240,000 miles (to 2008/09).

Energy audits assess impact of changes to asset base: - redevelopment of a leisure centre; procurement of Medway Tunnel and new headquarters all have environmental impact assessments and targets for reduction

Council approach to carbon management incorporates an understanding of water, recycling and energy usage: for example, an assessment of its internal recycling led to introduction of a range of recycling bins and the removal of bins at desks.

Progress in data collection and monitoring of energy usage (through county council/Laser energy buying consortium) and electricity reduction of 26.8gwh to 23.9gwh/gas reduced from 46.4 to 44.4.

NI 185 (Percentage CO2 reduction from LA operations) shows 6% reduction to 2008/09.



## Managing resources – 3.1

### **Manage the environmental risks it faces, working effectively with partners**

The development of a risk assessment tool/guidance used by services in their procurement activity and will allow the evaluation of the impact of goods and services.

Partners are contributing to a joined up approach to the environment, PCT sits on the Council's monitoring group and working with neighbouring councils to finalise a Multi Area Agreement to include NI 186 (Per capita reduction in CO2 emissions in the LA area).

## Managing resources – 3.2

### Strategic approach to asset management

Effective, strategic approach to asset management through the property strategy and the Asset Management Plan, supports achievement of priorities.

Consolidation of staff and infrastructure from five sites across Medway into a single site followed a comprehensive review of asset usage and consultation with staff - cost and benefits reviewed to support the decision with exit strategies for existing sites including proceeds from disposal where this assessed as the most economic option.

Further example is rationalisation of asset use in Rochester, with library, registrars, Customer first contact point and Adult education service rationalised into two sites, allowing disposal of one poorly maintained site (£620k), and future sale of second site (£1.1m est).

Review of social care provision has released one site for disposal and secured reduced costs of residential care provision of £500 per week (from £800)

## Managing resources – 3.2

### Ensuring assets are fit for purpose and provide value for money

Asset base considered in key strategic decisions on the use of resources – e.g. development of three new Academies.

Council challenges value for money through comprehensive property evaluation, recording value, size and use and it is developing this to conduct a new suitability/fitness for purpose survey.

Benchmarking conducted using National Property Performance Management Initiative's performance indicators.

Council has reduced its maintenance backlog through disposals and expenditure on retained properties.

## Managing resources – 3.2

### **Work with partners and community to maximise the use of assets**

Assets are used to support delivery of corporate priorities, by retaining ownership or making assets available to partners.

Sunlight Healthy Living Centre has been used to provide health and social care services (in partnership with the PCT), the Innovation Centre to provide high quality accommodation and to create employment opportunities for local people by attracting businesses to the area.

Rochester and Strood Riverside developments have been used to work towards the Council's priorities for regeneration, securing employment for local people funded through the Thames Gateway project.

The Council also makes properties available to the third sector to rent accommodation.