

AGENDA ITEM: 13 Page nos. 133 - 179

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| Meeting | Audit Committee |
| Date | 7 December 2010 |
| Subject | Use of Resources report and action plan |
| Report of | Deputy Chief Executive & Chief Finance Officer) |
| Summary | Grant Thornton's has reported its findings from its 2009-10 Use of Resources assessment of the Council, and the Council has written an action plan in response |

| | |
|--|---|
| Officer Contributors | Kari Manovitch (Head of Performance) Luke Ward (Performance Manager) |
| Status (public or exempt) | Public |
| Wards affected | All |
| Enclosures | Appendix A: Grant Thornton's Use of Resources report and action plan |
| For decision by | Committee |
| Function of | Council |
| Reason for urgency / exemption from call-in (if appropriate) | Not applicable |

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1. RECOMMENDATIONS

1.1 That the Committee:

- **Considers the Use of Resources (UoR) action plan contained at page 16 of Appendix A to this report, and produced in response to the 2010 external audit by Grant Thornton.**
- **Considers whether a follow up report on progress against the action plan is required for a future committee meeting.**

2. RELEVANT PREVIOUS DECISIONS

2.1 None.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 The audit and the action plan contribute to our corporate priority of Better services with less money.

4. RISK MANAGEMENT ISSUES

4.1 An examination of the Use of Resources action plan by Audit Committee should contribute to its successful delivery, and mitigate the risk of non-delivery.

4.2 Several recommendations and actions relate to risk management detailed in Appendix A (starting at page 16 of the Appendix).

5. EQUALITIES AND DIVERSITY ISSUES

5.1 Some elements of the Action Plan are relevant to equalities and diversity issues, specifically those relating to procurement and contract management as One Barnet progresses.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

6.1 The contents of this report and appendices detail how well the Council currently uses its resources and how it can improve.

7. LEGAL ISSUES

7.1 None in the context of this report.

8. CONSTITUTIONAL POWERS

8.1 Within the Council's Constitution, the functions of the Audit Committee are detailed and include "To consider the external auditor's annual letter, relevant reports and the report to those charged with governance".

9. BACKGROUND INFORMATION

- 9.1 The Council's appointed external auditor Grant Thornton conducted the Use of Resources assessment of the Council's performance in 2009-10, using the national framework established by the Audit Commission. The assessment was carried out between December 2009 and May 2010 and reviewed the Council's arrangements against eight lines of enquiry:

| Theme / KLOE | | Notes |
|---|-------------------------------|---------------------------|
| Theme 1 - Managing finances | | |
| 1.1 | Financial planning | |
| 1.2 | Understanding costs | |
| 1.3 | Financial reporting | |
| Theme 2 - Governing the business | | |
| 2.1 | Commissioning and procurement | |
| 2.2 | Use of data | |
| 2.3 | Good governance | |
| 2.4 | Internal control | |
| Theme 3 - Other resources | | |
| 3.1 | Environmental management | Assessed in 2009 not 2010 |
| 3.2 | Asset management | |
| 3.3 | Workforce management | |

- 9.2 Previously the external auditor's findings were accompanied by scores, enabling comparisons to be made with other authorities. However in June 2010 the government abolished the Comprehensive Area Assessment (CAA) process, of which Use of Resources was part, and decided that the Use of Resources scores would not be assigned for 2010 and reports would not be published nationally.
- 9.3 In the future, up until 2013, Grant Thornton will continue to be the auditor for Barnet Council. They will produce a value for money (VfM) judgement on the Council in 2011 but using a reduced set of criteria than was the case in the past, including how efficiently and effectively resources are being used. The fees paid to the auditors will be considerably reduced as a result of these developments.

Grant Thornton shared its report and recommendations in September 2010.

Findings of the Use of Resources audit

Grant Thornton found that improvement had taken place in most areas since the previous audit.

However a number of areas for improvement were identified. The report contained the following eight recommendations:

- The Council needs to demonstrate that it has an understanding, at a service level, of the links between costs and performance and achievement of value for money.
- As part of the One Barnet programme the Council should develop sound contract monitoring arrangements with third party providers.

- The Council should ensure that it is consistent in its approach to evaluating procurement options.
- The Council should follow a systematic approach to options appraisals, which includes being specific about benefits/outcomes expected and their measurement.
- The Council's Risk Management Strategy should be revised to include tolerance levels to assist officers in making important decisions, particularly around One Barnet.
- The Capital Assets Property Management Strategy (CAPS) should be reviewed to emphasise the focus on partnerships that is apparent within the One Barnet programme.
- Once the Council has robust fit-for-purpose data for its workforce it should develop a workforce strategy which links in with how One Barnet is to be delivered.
- There should be a focus on equipping senior managers with the necessary change management skills to ensure that the One Barnet is successful.

Use of Resources action plan

In response to these recommendations an action plan has been developed that sets out how each will be addressed, over what time scale, and who is responsible for delivery. Elements of this action plan are currently being delivered, and all actions will have their progress actively monitored against milestones over the next twelve months.

The Use of Resources action plan, including milestones, is Appendix A of this report.

10. LIST OF BACKGROUND PAPERS

10.1 None.

Legal: MAM

Finance: JH

Appendix A: Grant Thornton's Use of Resources report and action plan



London Borough of Barnet

Value for Money 2009/10

16 November 2010

| Contents | | Page |
|-----------------|---|-------------|
| 1 | Executive Summary | 1 |
| 2 | Detailed Findings | 2 |
| 3 | Managing finances | 4 |
| 4 | Governing the business | 7 |
| 5 | Managing resources | 14 |
| A | Action Plan | 16 |
| B | Data Quality spot checks - detailed findings | 34 |

1 Executive Summary

Background and purpose of the report

- 1.1 Under the Audit Commission's Code of Audit Practice we are required to reach a conclusion on whether London Borough of Barnet ('the Council') has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('VFM conclusion').
- 1.2 We described in our Audit Plan (December 2009) the areas of audit work that provide us with the assurance that contributes to our annual VFM conclusion, being:
- our assessment of the Council's Use of Resources ('UoR'), using the three themes within the Audit Commission's assessment framework themes and Key Lines of Enquiry ('KLoE')
 - specific work on locally identified audit risks.
- 1.3 Following the Government's abolition of the Comprehensive Area Assessment ('CAA') in June, the Audit Commission determined that the finalisation of the 2009/10 UoR scores in local government would no longer take place. With the exception of updating our findings for the outcome of the 2009/10 accounts audit and confirmation of the audited financial outturn for the year, our UoR assessment and local risk based work was complete at the time of the announcement. Therefore, whilst not reporting scores, we are in a position to report on the strengths and areas for development in the Council's management arrangements.

Key findings and action required by the Council

- 1.4 The headline findings are as follows:
- Managing finances continues to be a strength area for the Council.
 - The Council's arrangements for commissioning and procurement have improved, with clear outcomes apparent within Adult Social Services. Risk management and internal control require attention in the short term to ensure that the Council is managing the One Barnet programme appropriately.
 - There are good processes in place for managing the asset base although there is room for improvement in evidencing outcomes.
- 1.5 To support our conclusions in the good governance theme, we undertook spot-checks of three national indicators, and found no significant data quality issues. We also considered the results of our mandatory work on housing benefits, which did not give rise to any significant data quality concerns.

- 1.6 High risk actions for the Council, relevant to the areas covered by our value for money conclusion include:
- The Council needs to demonstrate that it has an understanding, at a service level, of the links between costs and performance and achievement of value for money.
 - As part of the One Barnet programme the Council should develop sound contract monitoring arrangements with third party providers.
 - The Council should ensure that it is consistent in its approach to evaluating procurement options.
 - The Council should follow a systematic approach to options appraisals, which includes being specific about benefits/outcomes expected and their measurement.
 - The Council's Risk Management Strategy should be revised to include tolerance levels to assist officers in making important decisions, particularly around One Barnet.
 - The Capital Assets Property Management Strategy (CAPS) should be reviewed to emphasise the focus on partnerships that is apparent within the One Barnet programme.
 - Once the Council has robust fit-for-purpose data for its workforce it should develop a workforce strategy which links in with how One Barnet is to be delivered.
 - There should be a focus on equipping senior managers with the necessary change management skills to ensure that the One Barnet is successful.

Way forward

- 1.7 The agreed action plan is set out at Appendix A. The Council should follow this up to ensure actions are implemented as planned.
- 1.8 The Audit Commission will shortly be consulting on the 2010/11 value for money approach and we will update our indicative risk assessment and plan to reflect the revised focus of our work.

Acknowledgements

- 1.9 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.

Use of this report

- 1.10 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.
- 1.11 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.

Grant Thornton UK LLP
16 November 2010

2 Detailed Findings

Introduction

- 2.1 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 ('VFM conclusion').
- 2.2 Our VFM conclusion is informed by our use of resources work which, in Councils, is based on the Audit Commission Use of Resources ('UoR') assessment. However, prior to its conclusion the new Coalition Government abolished the Comprehensive Area Assessment which included the requirement for a scored UoR assessment.
- 2.3 With the exception of updating our findings for the outcome of the 2009/10 accounts audit and confirmation of the audited financial outturn for the year, our UoR assessment and local risk based work was complete at the time of the announcement. Therefore, whilst not reporting scores, we can report on the strengths and areas for development in the Council's management arrangements.
- 2.4 The UoR KLoEs were prescribed by the Audit Commission and applied at all local authorities. However, as our audits are tailored to local risks, we specifically identify and consider certain areas of greater audit risk for each Council, to support our VFM conclusion. For the Council, we identified a number of areas for further consideration in our Audit Plan. These are set out in the table below, with a reference to where we carried out the additional work.

Table 1: Consideration of local risks in our work

| Local VFM risk identified in our Audit Plan | Where considered |
|---|---|
| Risk that the Council does not have effective internal audit service to support its risk management and internal control environment. | Governing the business (including specific local project work on the effectiveness of internal audit) |
| Risk that the Council does not have the appropriate governance arrangements in place to compliment its transformation agenda. | Governing the business (including specific local project work on the One Barnet Programme) |
| Risk that Adults Social Services will not achieve its objectives in rolling out personal budgets. | Managing finances Governing the business Managing resources Personal budgets review |
| Risk that improvements are not made to the Treasury Management arrangements. | Managing finances |

Approach to the audit

- 2.5 The assessment was carried out between December 2009 and May 2010. We reviewed the Council's arrangements against eight KLoEs within the three UoR themes prescribed by the Audit Commission. Our work was based on review of written evidence, meetings with senior management and officers.
- 2.6 The key findings in each of the themes, and areas for improvement, are set out in sections 3-5.

3 Managing finances

3.1 The managing finances assessment covered the following areas:

- planning finances to deliver priorities and sound financial health
- sound understanding of costs and performance / achieving efficiencies
- timely and reliable financial reporting and meeting stakeholder needs.

Planning finances to deliver priorities and sound financial health

3.2 The Council has continued to have a strong financial position with clear outcomes being the stabilisation of the reserve position, with general fund balances as at the 2008/09 of £17.5m. In addition, savings plans had been delivering well against plan. For 2009/10 the Statement of Accounts highlight that general fund balances have reduced to £15.8m (excluding schools), however these remain within recommended levels of reserves.

3.3 Since the Icelandic Banking collapse the Council had made clear progress on addressing weaknesses observed within treasury management activity, with a number of actions being implemented, including quarterly reporting introduced to the Cabinet Resources Committee (CRC).

3.4 The Council has taken steps to address recession planning in place with financial indicators being monitored quarterly to assess impact. The Council has demonstrated an understanding of long term requirements of financial constraints through its One Barnet programme.

3.5 Although there have been significant changes to the top level of financial management at the Council processes have been embedded over the years to ensure a smooth transition. This also evidences effective knowledge transfer between members of staff. There continues to be clear lines of financial accountability in place with regular training on financial issues.

3.6 The Council has built further on the successful stakeholder engagement process adopted in previous years with simple financial information being presented to Council Tax payers.

- 3.7 There are some improvement opportunities for the Council to consider to further improve its arrangements:
- The Council should facilitate member training on treasury management.
 - There has been higher than average capital programme slippage in recent years. There are improvements in process with the establishment of the Investment Advisory Board (IAB) which sits below 'One Barnet' programme board and will be used to ensure that all new individual projects contain robust justifications and are appropriately resourced.
 - The Council has decreasing satisfaction levels which the One Barnet programme is considering through its various workstreams. Ongoing stakeholder work will be necessary to understand and address the rising expectations within the community.

Sound understanding of costs and performance/achieving efficiencies

- 3.8 The Council has demonstrated outcomes in relation to value for money (VFM) profile tool which shows the Council as having the 4th lowest back office costs per head of population in London. Within London the Council is in the 25th percentile for spend per head over time, in addition within this comparator group gross spend per head for all services within the Council is lower except for Adult Social Services which is on par with other Councils.
- 3.9 There has been substantial focus on efficiency savings with £80m achieved in the last seven financial years. The Council has also exceeded its 2004 Spending Review efficiency target by £16m in terms of cashable gains. The Council has recognised that it can no longer look inwards for efficiencies and has identified that it will need to think differently to achieve economies of scale. The One Barnet programme looks to achieve the following in future years:
- consolidate property to achieve £1.4m to £2.4m savings per annum
 - consolidate support services to achieve £2.3m savings per annum
 - commissioning clusters of services with savings up to £5.8m per annum
 - consolidating customer access with savings up to £2.3m per annum.
- 3.10 Currently these savings identified are future looking outcomes and the Council will need to ensure that it has the necessary plans to support its vision for the future. The clear emphasis within the One Barnet programme has been to focus on efficiencies through better partnership working, better understanding of the asset base, and better prevention within Commissioning.
- 3.11 There remain opportunities to improve the understanding of links between costs and performance at service level. The view supported through our discussions with management is that there is not a clear understanding of unit costs, which in turn affects their ability to assess value for money or make best value decisions. The Council should look to routinely use cost and performance information to challenge whether it is achieving value for money.

- 3.12 While the Council has been participating in providing data to benchmarking clubs, this can not be viewed as an outcome until they have been analysed and resulted in action to address any perceived weaknesses.

Timely and reliable financial reporting and meeting stakeholder needs

- 3.13 The Council has made progress faster close down of the accounts, which is a result of early identification of issues, a detailed timetable and engagement of external audit throughout this process. There has been a year on year improvement in this process.
- 3.14 The Council has demonstrated it understands the requirements of IFRS and has completed early work on high impact issues. We recommend that member training continues throughout the IFRS transition period and that external audit is formally included within the IFRS timetable.
- 3.15 The thorough close down of the accounts for 2008-09 resulted in no material adjustments from the external audit process, which highlights that the faster closedown has not been to the expense of quality accounting. We are currently finalising our 2009/10 audit and therefore this was not taken into account at the time of our review.
- 3.16 Monitoring reports sent to Cabinet Resources Committee (CRC) include budget and performance monitoring. There are however opportunities to make the reports more concise for members to make the best use of time for decision making purposes.

4 Governing the business

- 4.1 Our work on the governing the business theme considered whether the Council:
- commissions and procures quality services tailored to local need
 - produces relevant and reliable data and information to support decision making and manage performance
 - promotes and demonstrates the principles and values of good governance
 - manages risks and maintains a sound system of internal control

Commission and procure quality services tailored to local need

- 4.2 Our early work on the 2010/11 value for money study on personal budgets highlighted that there was a clear vision within Adult Social Services for personalisation, which is consistent with the Council's corporate plan and One Barnet programme. A key strength area was the engagement with a wide range of stakeholders.
- 4.3 The Council takes a long term view when commissioning with is an emphasis on changing expectations of service users in order to shape provision. There is evidence of successful market shaping initiatives with Adult Social Services such as the Innovation Fund which seeks to stimulate ideas in the market, as it sees that providers are best placed to create innovation. This process is also outcomes orientated and therefore in the long term is expected to provide evidence of value for money.
- 4.4 There has been ongoing successful work to develop a User Led Organisation (ULO) in the Council particularly around the development of a Centre for Independence Living resulting in a bid for Social Care PFI credits for a purpose built facility. This has also resulted in the Council being awarded Trailblazer status for the Right to Control. One of the many challenges for councils will be to bring together more of their services, beyond adult social care.
- 4.5 The Council has developed good understanding of the supply market through engagement, building capacity where appropriate, and making partners and providers (public, private and third sector) aware of future commissioning needs. In November 2009 Adult Social Services ran an event 'Preparing for a Personalised Future' for providers to inform them of changes being made in the Borough for personalised social care, what that might mean for individual providers, and how the Council can help providers with these changes. This event was attended by approximately 150 providers and emphasised development of the market to deliver personalised social care.

- 4.6 The Council is acutely aware of the lack of correlation between spending and satisfaction levels and work is underway to better understand the root causes. This work is demonstrated by pilot projects such as household carbon reduction, household waste minimisation, and street litter prevention.
- 4.7 The Council is outward looking and future focused, it sees that it will need to work collaboratively to achieve further efficiencies and deliver better outcomes for local people. The Joint Strategic Needs Assessment (JSNA) was completed in conjunction with NHS Barnet and there has been evidence of joint prevention work. However the engagement of NHS Barnet, due to financial constraints and uncertainty, has weakened and the Council will need to ensure that joint plans continue to progress.
- 4.8 The Council's self evaluation covered partnering relationships and a number of key performance indicators (KPIs) although we have not seen evidence that these are monitored. In addition there were some examples of contract monitoring arrangements being in place with third party providers but these are not widespread. These arrangements need to be determined within the One Barnet programme for those services likely to be outsourced.
- 4.9 Little evidence of outcomes from procurement processes. The Council has set up its Investments Appraisal Board ('IAB') to provide assurance that the Council is establishing projects that are aligned to its corporate objectives, and they are being effectively managed. The change to the procurement and commissioning processes through the IAB is a good step towards improvement however the IAB is still in infancy and therefore we could not assess its success in evaluation of options.
- 4.10 There was no evidence of a systematic approach to options appraisals and measuring the effectiveness of outcomes relating to the decision taken. In addition there is more work required in reviewing the competitiveness of services and whether they achieve value for money, while meeting wider social, economic and environmental objectives.

Produce quality data and information to support decision making

- 4.11 The Council has remained focused on the challenges of using information effectively to drive change and achieve service improvement. There has been improvement to the structure of overseeing performance indicators with the creation of a budget and performance overview and scrutiny committee. The committee has influenced the content of reports and the profile of performance management within the Council. This has seen incremental improvements to design, presentation and efficiency of reporting performance information.
- 4.12 There has been refined focus within the Corporate Plan for 2010/13, including priority performance targets. In order to ensure achievement of the overall vision for the future the number of corporate priorities has reduced from six to three which have clear links to the One Barnet programme. Successful delivery of the Corporate Plan will be dependent on effective performance management.

- 4.13 There has been proactive engagement by management of internal audit to undertake spot checking national indicators within the year. There are clear processes in place to undertake management review within service areas where data quality concerns exist. We have also carried out, as part of the external audit plan, a review of three performance indicators based on a risk assessment of outturn. The results of which are included in the table below, with detailed findings in Appendix B.

Table 2: Results of performance indicator spot-checking

| PI ref | Description | Significant concerns? | Recommendation |
|--------|---|-----------------------|---|
| NI 135 | Carers receiving needs assessment or review and a specific carer's service, or advice and information | No | None |
| NI 155 | Number of affordable homes delivered (gross) | No | <p>A written agreement covering data quality, data protection, and data quality controls should be made with the RSLs</p> <p>Compliance with data quality standards should form part of the annual objective of those staff who are responsible for compiling indicators.</p> <p>The Council should continue to follow-up discrepancies with reported figures used by the DCLG.</p> |
| NI 192 | Household waste recycled and composted | No | Access to spreadsheets should be restricted to those staff requiring access as part of the compilation of the indicator. Options should be explored in protecting the formula contained within the spreadsheets used to ensure that they are not changed. |

- 4.14 There was a serious data security breach noted in March 2010 whereby encrypted computer equipment and some encrypted storage devices were stolen from a staff member's home. This was a result of the staff member not acting in line with the Council's data security policies and procedures. The Council commissioned an investigation into the incident.

Promote and demonstrate principles and values of good governance

- 4.15 The Council's governance is balanced and transparent and there is strong leadership which has seen the vision for the future cascaded effectively with initiatives in place such as 'meet the chief' having a positive impact. The staff survey results for 2009 support the view that staff are clear about the Council's vision. There has been a refocus of corporate priorities given future financial challenges.
- 4.16 There is a development plan in place to improve effectiveness of officers and members. There are positive relationships with the Council's partners and there has been a focus on developing the capacity of the voluntary sector.
- 4.17 The Council has a Standards Committee which oversees compliance with the Code of Conduct. The Committee has been successful in upholding high standards of ethical conduct with breaches reported and acted upon, which should enhance public confidence in the long term. The Committee also produces an annual report which specifically mentioned action taken on complaints.
- 4.18 There is evidence that the Council promotes the ethical agenda and has admitted where mistakes have occurred and has taken the necessary action to address weaknesses in controls. During 2010/11 we will follow up our review of scrutiny arrangements and report on any improvements made.
- 4.19 We reviewed member allowances and expenses as part of our 2008/09 final accounts audit and found that arrangements in place for were adequate.
- 4.20 A partnership mapping exercise was undertaken in 2008/09 to identify the quality of governance arrangements. This was reviewed by internal audit and limited assurance was given. There was no evidence provided that partnership governance arrangements have been strengthened in 2009/10 Given the emphasis of partnership working within the One Barnet programme further work on governance arrangements is required, which features in the implementation plan for 2009/10.

Manage risks and maintain a sound system of internal control

- 4.21 Arrangements for risk management remain unchanged for a number of years. Work is underway to have risks captured on a 'live' risk management system which may address some concerns, however there is evidence to suggest that risk management is not widely understood within the Council.
- 4.22 We undertook a review of the risk register for Adult Social Services as presented to the Audit Committee in December 2009 and noted the following (overleaf):

Table 3: Review of risk register against requirements of ISO 31000 'Risk Management - Principles and Guidelines

| Risk Activity | Findings |
|--------------------|--|
| Scope of risk | There is no analysis on the risk register of scope of the risk, including indicators such as size of the population, and financial indicators. The level of information currently held for each risk is not sufficient for decision making purposes outside of the Directorate, and will be increasingly important in a financially constrained environment. |
| Nature of the risk | The risk register classifies risks either as strategic, financial or operational and gives a brief discussion of the risk. However there is no information on the potential impact and description of the hazard, opportunity or uncertainty and the timescales involved. In addition, there are examples of misunderstandings of what is an operational and strategic risk. |
| Stakeholders | The current parameters of the risk register do not consider who the stakeholders to the risk are, both internal and external, and their expectations. Given Public Sector bodies are accountable to a number of stakeholders this type of information may be vitally important, particularly in relation to safeguarding decisions. |
| Risk evaluation | <p>The risk register has the initial assessment and revised assessment of the risk under two headings, being for the likelihood and the impact of the risk. Both indicators are rated as high, medium or low. The corporate risk management strategy does not define the risk assessment criteria for likelihood and impact. These should consider for impact: financial, brand/reputation, legal and regulatory, customers and employees, health and safety and environmental factors. For likelihood the strategy should define remote, unlikely, possible, likely and almost certain indicators.</p> <p>There were instances where the assessments made showed misunderstanding of the desired objective of an overall risk register, for example where the initial assessment of a risk had likelihood and impact of medium and high respectively there had been mitigating action taken that resulted in a revised assessment of high and high. This suggests either that the action taken was ineffective and caused the directorate to experience elevated risk as a result of this action, or there is a misunderstanding of what the desired effect of risk management is. This is consistent with our overall review of Risk Management arrangements within the Council.</p> |
| Loss experience | There is potential to reflect within the current risk register where there have been previous incidents and prior loss experience of events related to the risk. This would need to be a corporate adjustment to the current risk register. |

| Risk Activity | Findings |
|---------------------------------------|---|
| Risk tolerance, appetite or attitude | <p>Corporately the Council has not defined its risk appetite, that is the level and nature of risk that is acceptable. This will be used to form the basis for decisions on whether risks are:</p> <ul style="list-style-type: none"> • tolerated • treated • transferred • terminated <p>Within a financially constrained environment these tolerance levels can be used to make decisions when not all risks can be pursued.</p> |
| Risk response, treatment and controls | <p>The risk register describes the controls in place and the mitigating action plan, however it is not clear why there is a mitigating action plan without an analysis of the gaps in controls, which are not documented. Also, there were some instances of misunderstandings of what constitutes a control, for example a control was documented as being 'workforce strategy being commissioned'. Clearly if a strategy is being developed it cannot be a control, and a strategy is the overall vision not a control measure.</p> <p>The risk register should document the level of confidence/assurance there is in existing controls. The risk register briefly discusses the mitigating action plan and the action taken however the procedures for monitoring and reviewing the risk performance is not documented. Instead, the risk register notes the date the risk was raised and last reviewed. We noted that all risks were last updated at the same date, implying that risks are not managed on the basis of the initial or revised risk assessment.</p> <p>The assurance obtained for each control measure should be in essence a blend appropriate to the risk identified, in some cases policies and procedures can be an appropriate control for a low risk which only requires annual sign off from staff as an assurance measure. For high risks management may need assurance from someone independent from the process, such as internal audit, to assure them that the controls are designed and operating appropriately for the intended risk. These decisions should be documented within the risk register.</p> |
| Potential for risk improvement | <p>The directorate risk register documents the action taken, however rarely are there recommendations made or deadlines for implementation noted. The risk is attached to a lead officer. The risk register should attempt to identify the potential for risk improvement and the responsibility for implementing any improvements.</p> |

- 4.23 From this review we concluded that the risk management strategy needs to be updated, including defining the Councils' risk appetite. This will give the Directorates tolerance levels to work within of what is acceptable risk. Obviously this tolerance level will have a different look and feel within constrained financial circumstances. It is crucial that risk management arrangements are improved to support the One Barnet programme.
- 4.24 Information that is presented to the Audit Committee for discussion/challenge can be improved. The risk register is hard to read, and therefore digest. There is an opportunity to develop a dashboard of key risk indicators to be reported alongside performance and financial information. This could be reported under the four drivers of risk: finance, infrastructure, marketplace and reputation.
- 4.25 Attention has been paid to the effectiveness of Internal Audit during the year with clear improvements being made by the Interim Assistant Director of Audit and Risk Management. Our review of the effectiveness of Internal Audit found that there was a disconnect between the risk management arrangements and internal audit strategy. Once risk registers can be relied upon as accurately reflecting directorate risks the Internal Audit Strategy will need to be based on those risks identified.
- 4.26 We also found that there needs to be better engagement between Directors and Internal Audit to ensure buy-in to the audit process. This will encourage an effective risk management and internal control culture if officers and managers are involved in all stages of the audit process, from planning to reporting phases.
- 4.27 In times of rapid organisational change the internal audit function needs to be fluid to the organisational risks. Whilst a strategy should be set early within the year this should also be reassessed during the year to ensure that the strategy remains relevant. We have recommended that the Council assess whether the Internal Audit service has the appropriate skills and resources to deliver the Council's requirements in the long term.
- 4.28 Improvement could be made to the grants co-ordination process to ensure all grants are identified and claims completed where necessary. This can have considerable financial impact if not completed appropriately.
- 4.29 The Counter Anti-Fraud Team (CAFT) continues to be effective in its role having positive impact within the community and being visible with their achievements during the year. There were clear outcomes in claw backs of Council Tax Benefit and Housing Benefit Tax Fraud and Error, with £158k recovered up until December 2009. There were a number of successful investigations such as the Blue Badge misuse with 100 cases referred and 6 cases being passed for legal action. Action taken is regularly reported to the Audit Committee.

5 Managing resources

5.1 Our work on managing resources themes covered the following areas:

- managing assets effectively to deliver strategic priorities
- managing the workforce effectively to achieve strategic priorities

Making effective use of natural resources

5.2 This area was not assessed this year at councils, although last year we assessed the Council as having adequate arrangements.

Manage assets effectively to deliver strategic priorities

5.3 The Council has strategies for asset management however they should be revised to consider the One Barnet programme and expected benefits. The Council has begun to systematically review its property holdings against the whole public sector estate; however outcomes from this process can not be demonstrated as yet. Options are also being explored for disposal of surplus assets.

5.4 The Council is working collaboratively with partners, for example at Brunswick Park the Council worked with the PCT to create a clinic, a library, a school and range of other community facilities in a deprived area which will also result in those services users have better access to facilities and encourage the self-help theme that the Council promotes. The emphasis on working in partnership is evident throughout the One Barnet programme.

5.5 The Council is investing £80million capital from its own resources, supplemented by other grants and contributions, over a 4 year period to enhance its primary schools through a Primary Schools Investment Programme (PSCIP). The Council has also been recognised for its design of schools in terms of environmental impact.

5.6 Whilst the future focus is clearly on partnerships this is not the consistent message in the Capital, Asset and Property management Strategy (CAPS). The deliverables of the strategy are inward looking and do not align with the One Barnet programme or focus on partnerships sufficiently. We are aware that this is currently being revised. In addition, there was a lack of evidence of realistic and robust action plans in place to support the strategy.

5.7 A performance management system with Key Performance Indicators (KPIs) is yet to be developed for the asset base and there is no evidence of monitoring against these KPIs being undertaken. There is some progress to be made in articulating how the current asset base provides good value for money and these KPIs may aid in this process.

Manage workforce effectively to achieve strategic priorities

- 5.8 Workforce management arrangements were reviewed for the first time in 2009/10.
- 5.9 Work is ongoing in identifying skills gaps and training needs in the current workforce. In addition Human Resources (HR) data is being cleansed to ensure that the information is fit-for-purpose to feed into an overall workforce strategy. This includes information such as age profile, sickness absence, accurate staff numbers. Workforce planning is not currently integrated into service planning but there are plans in place to achieve this by Spring 2010. The process of ensuring the data is correct before drafting a workforce strategy is essential given the likely restructures ahead.
- 5.10 There have been improvements noted for appraisal rates which are currently at 65%, however against an internal target of 80% there is still some progress to be made. Career management and succession planning is a focus for 2010/11 as only 37% of staff agreed that there was a defined career path. There is also a graduate programme in place and internships provided to support career development.
- 5.11 There are some good examples of health and wellbeing initiatives, where the Council uses its position as a large employer within the Borough to influence staff choices. These campaigns have included healthy eating, smoking cessation, men's health clinics, and 'managing well' month which focused on stress management. Flexible working has been included within the Workforce Health Strategy which has had a favourable impact with staff as indicated through the staff survey.
- 5.12 The Council recognises that it will need to develop skills for change management within its current senior managers given the One Barnet agenda and the likely cultural changes required. The staff survey showed some lower levels of satisfaction for the management of change by senior staff. At the time of the audit the Council was setting up staff panels to ensure feedback is obtained and fed into the change agenda. It will be necessary to ensure that staff are engaged throughout the change transition and also that post implementation reviews are undertaken.
- 5.13 There has been good engagement with staff and other key stakeholders in cascading the vision of One Barnet. Good leadership has been demonstrated through effective relationships forged with trade unions, who noted the openness of the Chief Executive. Trade unions felt that the Council was not data rich on workforce information however and would want more information shared.
- 5.14 The Council achieved level 4 for the Equalities Framework in 2008/09, which is of a high standard. The Council's diversity profile of its workforce is broadly reflective of the community with the exception of disabled employees, who represent only 1.45% of the workforce compared to 4.43% of the population.

A Action Plan

| No. / Ref. | Recommendation | Priority | Management response | Implementation details |
|------------|---|----------|---|--|
| 3.7 | The Council should facilitate member training on treasury management. | L | <p>Treasury management advisors Sector presented to CRC in April 2010 prompting detailed debate. It was well attended & received by members. Consideration should be given to holding more events in the future.</p> <p>Member training concluded in July. More training needs to be planned in to ensure members can make informed decisions.</p> <p>Training programme has improved member understanding and ownership of the function and managing risks associated with investment and borrowing. It has also increased their ownership.</p> <p>Scrutiny is now more proactively engaging with monitoring.</p> <p>Controls and processes implemented that now ensure compliance with the agreed Treasury Management Strategy approved by members.</p> | <p>Strategic Finance</p> <p>30 June 2010 Sector provided overview training on treasury management</p> <p>21 July 2010 ARK Risk presented a training course on counter part risk</p> |

| No. / Ref. | Recommendation | Priority | Management response | Implementation details |
|------------|--|----------|---|---|
| 3.7 | The Council should address capital slippage, by reviewing individual projects for robust justifications and resourcing, through the Investments Approvals Board. | M | <p>Evidence of readiness to start the procurement process including how public engagement has been undertaken in any options appraisal will determine the timing of release of funding. This process will be embedded by the Investment Appraisal Board to ensure proposals are rigorously tested against delivery of key priorities and limit the extent of slippage of spending plans.</p> <p>Capital reports are already presented to CRC.</p> | <p>Strategic Finance</p> <p>By end December 2010</p> |

| No. / Ref. | Recommendation | Priority | Management response | Implementation details |
|------------|--|----------|---|---|
| 3.11 | The Council needs to demonstrate that it has an understanding, at a service level, of the links between costs and performance and achievement of value for money | H | <p>The corporate process for developing the budget from 2011 onwards has involved each Directorate conducting a baseline review of costs and performance to inform decision making. All budget proposals have been assessed for their impact on the council's corporate plan performance targets.</p> <p>There is a need for more comparative unit cost information to be used by Directorates in their assessment of value for money.</p> <p>Performance team has led a workshop with Finance colleagues to agree the corporate approach to vfm and how Directorates can be supported to better understand the cost-performance correlations in their services, including through the business planning process for 2011-3. A paper to the Business Planning and Finance Group to be presented giving an outline of how this will be achieved.</p> | <p>All Directorates, supported by Finance & Performance teams</p> <p>VFM workshop on 12 November 2010.</p> <p>2 December 2010.</p> |

| No. / Ref. | Recommendation | Priority | Management response | Implementation details |
|------------|--|----------|---|--|
| 3.12 | Results from participating in benchmarking clubs should be analysed and reviewed for improvement purposes. | M | <p>IS has participated in SOCITM benchmarking for the first time in 2010. The questionnaire was completed in June with the final report due to be published late October 2010. The draft results have been used to identify relevant IS performance measures and set performance improvement targets (using upper quartile performance as desired benchmark) and these are documented in the IS Business Plan 2010-11. Once improvement plans have been formalised we intend to publish performance measures as part of a dashboard on the intranet.</p> <p>As part of New Support Organisation Project for the One Barnet Programme, a number of our support services are partaking in the CIPFA benchmarking club for VfM benchmarking has been completed for 5 services: HR, Finance, IT, Estates, Procurement. This is to ensure that current and future decisions about how our support services are organised and delivered are driven by understanding of how VFM is achieved in support services. The results and best practice learned through the benchmarking will inform the options appraisal and recommendations for the NSO project. and are also highly relevant to the whole Council as it moves forward in a challenging financial climate.</p> | <p>Commercial Directorate</p> <p>Results of SOCITM benchmarking available in late October 2010</p> <p>- NSO/CSO options appraisal developed informed by benchmarking data January 2011</p> <p>- Recommendations of NSO/CSO OA published February 2011</p> |

| No. / Ref. | Recommendation | Priority | Management response | Implementation details |
|------------|--|----------|--|---|
| 4.8 | As part of the One Barnet programme the Council should develop sound contract monitoring arrangements with third party providers and partners. | H | <p>As a step towards this more strategic approach to contract monitoring we will be appointing two Procurement Programme Managers to join our commercial assurance division. They will advise on future contract management, contractual requirements and performance management of contracts.</p> <p>Once the key complex procurements have been undertaken and contracts settled, the procurement programme managers will then resume the role of contract managers for the lifecycle of the contracts. This will ensure that they are performance managed effectively through a set of Key Performance Indicators and will ensure continuity and knowledge between contract negotiation and service delivery. A wider piece of work is underway to strengthen how the Council procures and commissions goods and services. A key part of this will be the consolidation of the procurement activity. It is anticipated that a Contract Administration team will assume responsibility for managing all Council contracts including contract performance monitoring. This work is underway and, subject to approval, will be in place by 01/03/2011.</p> | <p>Commercial Directorate</p> <p>Recruitment for procurement programme managers undertaken - 30 November 2010</p> <p>Procurement programme managers x 2 in place - 31 January 2010</p> <p>Creation of central contract administration team – 01 March 2011 subject to approval</p> |

| No. / Ref. | Recommendation | Priority | Management response | Implementation details |
|------------|---|----------|--|---|
| 4.9 | The Council should ensure that it is consistent in its approach to evaluating procurement options | H | <p>The Council has already set its expectations within the Corporate Procurement Code of Practice. Furthermore the Procurement Strategy is currently being re-drafted. It is essential to ensure that a corporate approach and evaluation methodology is adopted to all procurement opportunities in order to ensure that VFM principles are embedded.</p> <p>For projects within the One Barnet Programme the Board will be responsible for ensuring that options are explored and justified through options appraisal as per the revised Terms of Reference for the One Barnet Programme Board (previously Operational Group). To ensure that the development of Options Appraisals meets corporate expectations, the revised Council's Project Management Standards demand a systematic approach to options appraisals.</p> <p>The Council's revised Procurement Code of Practice states that the council must follow a systematic approach to options appraisals which clearly set out benefits and outcomes of each option.</p> <p>The consolidation of the procurement activity into the core of the authority will facilitate greater and improved challenge through the evaluation process and ensure alignment with corporate priorities.</p> | <p>Commercial Directorate</p> <p>Revised Procurement Strategy in place - 31 January 2010</p> <p>Revised Procurement Code of Practice to be published – 01 January 2011</p> |

| No. / Ref. | Recommendation | Priority | Management response | Implementation details |
|------------|---|----------|---------------------------|---------------------------|
| 4.10 | The Council should follow a systematic approach to options appraisals, which includes being specific about benefits/outcomes expected and their measurement | H | Covered by response above | Covered by response above |

| No. / Ref. | Recommendation | Priority | Management response | Implementation details |
|------------|--|----------|--|---|
| 4.10 | More work is required on reviewing the competitiveness of services and whether they achieve value for money, while meeting wider social, economic and environmental objectives | M | <p>Whilst cost will be the main factor when considering procurement options it can not be the only one. The organisation must take into account other, non financial considerations, which may result in an overall better outcome for the Borough's citizens. This may include:-</p> <ul style="list-style-type: none"> • Minimum labour standards • Disability, gender and equality matters • Employment and training issues • SME support • Community consultation • Community initiatives • Sustainability initiatives <p>As part of the procurement consolidation process the Council will improve the strategic approach on the application of assessment matrix which includes non financial considerations.</p> | <p>Commercial Directorate April 2010</p> |

| No. / Ref. | Recommendation | Priority | Management response | Implementation details |
|------------|---|----------|--|--|
| 4.14 | <p>NI 155 - Number of affordable homes delivered (gross)</p> <p>A written agreement covering data quality, data protection, and data quality controls should be made with the RSLs</p> <p>Compliance with data quality standards should form part of the annual objective of those staff who are responsible for compiling indicators.</p> <p>The Council should continue to follow-up discrepancies with reported figures used by the DCLG.</p> | M | <p>The data quality agreement will be in place by March 2011</p> <p>Managers will ensure that suitable appraisal targets are included in the next round of appraisals, based on the level of involvement staff have in the process of producing and using data. The next round of appraisals will be carried out Quarter 1 2011.</p> <p>We aim to have all outstanding discrepancies resolved by the end of November 2010.</p> | <p>Planning, Housing & Regeneration</p> <p>March 2011</p> <p>June 2011</p> <p>November 2010</p> |

| No. / Ref. | Recommendation | Priority | Management response | Implementation details |
|------------|--|----------|--|--|
| 4.14 | <p>NI 192 - Household waste recycled and composted</p> <p>Access to spreadsheets should be restricted to those staff requiring access as part of the compilation of the indicator. Options should be explored in protecting the formula contained within the spreadsheets used to ensure that they are not changed.</p> | M | Access to relevant spreadsheets has been restricted. Access to the formulas will also be restricted. | <p>Environment & Operations</p> <p>Access to formulas restricted on 08 October 2010</p> |

| No. / Ref. | Recommendation | Priority | Management response | Implementation details |
|------------|--|----------|--|---|
| 4.20 | A review of governance arrangements of partnerships is required. | M | <p>Scoping paper produced to review governance of LSP and One Barnet, covering:</p> <ol style="list-style-type: none"> 1. Are these structures fit for purpose as we move forward with One Barnet and support the transformation agenda? 2. Should the current arrangements be streamlined? 3. What should the role of partners be? 4. How should the governance arrangements work in relation to community budgets? <ul style="list-style-type: none"> • Principles agreed at One Barnet Programme Board • Collapse LSP into One Barnet Programme Board and amend governance of latter • Full review of governance of revised arrangements | <p>Chief Executive's Service / Corporate Governance</p> <p>Completed</p> <p>Completed</p> <p>February 2011</p> <p>May 2011</p> |
| 4.23 | The Council's Risk Management Strategy should be revised to include tolerance levels to assist officers in making important decisions, particularly around One Barnet. | H | The Risk Management Strategy is currently being revised and will be taken to the Audit Committee in March 2011. | <p>Assistant Director of Finance, Audit and Risk Management</p> <p>March 2011</p> |

| No. / Ref. | Recommendation | Priority | Management response | Implementation details |
|------------|---|----------|---|---|
| 4.24 | Information presented to the Audit Committee on risks needs to be improved to provide more concise information. | M | Risk Management will be included within the Internal Audit and Risk Management Quarterly report to the Audit Committee, this will include the corporate risks to the Council and will include a 'heatmap' of where these risks currently sit in relation to probability and impact. This is consistent with the reporting of risks through the quarterly performance reports. | Assistant Director of Finance, Audit and Risk Management December 2010 |
| 4.25 | Further improvements are required in Internal Audit to ensure that its strategy is based on the Council's overall corporate risks | M | Improvements are currently taking place within risk management arrangements to ensure that the current corporate, directorate and team risk registers can be used by Internal Audit to inform the overall strategy. The IA strategy for 2011-12 will be based on the risks facing the Council and will be fluid to changes in risks throughout the year. The improvements in both risk management arrangements and IA strategy will ensure that the resources are appropriately directed, and lead to more effective service. Both Risk Management and Internal Audit have improvement plans with timescales of delivery that vary according to priority. | Assistant Director of Finance, Audit and Risk Management Impact by April 2011 |

| No. / Ref. | Recommendation | Priority | Management response | Implementation details |
|------------|---|----------|--|---|
| 4.28 | The grants coordination process should be improved to ensure all grants are identified and completed. | M | The SAP, Systems, Control & Compliance Team are looking to implement 'Grant Finder' to assist in identifying grants which the authority may be able to claim. A demonstration by the company took place in August 2010. The team are currently reviewing the demo to ensure that it fulfils Barnet's requirement prior to making a purchase. | Operational Finance December 2010 |

| No. / Ref. | Recommendation | Priority | Management response | Implementation details |
|------------|---|----------|---|---|
| 5.6 | The Capital Assets Property Management Strategy (CAPS) should be reviewed to emphasise the focus on partnerships that is apparent within the One Barnet programme | H | <p>We are in full agreement that the CAPS is not fit for purpose and will be replaced by a new Estates strategy</p> <p>The Commercial Directorate Business Plan sets out the key initiatives and actions to ensure that the directorate strategy for getting best effect from our public sector assets is achieved. These will inform and be captured within the new Estates Strategy. The objectives are:</p> <ol style="list-style-type: none"> 1. Council has a full register of its own assets and those of its strategic partners 2. corporate approach to asset management and planning is embedded across the Council 3. asset management and planning are fully integrated into our business planning. 4. the Council has a fit for purpose asset portfolio <p>The Estates Strategy is significantly influenced by the One Barnet programme principles of;</p> <ul style="list-style-type: none"> • More efficient use of property • More effective use of property • More efficient and strategic use of our public sector systems. | <p>Commercial Directorate</p> <p>Estates strategy implemented by January 2010</p> <p>In draft form by 1 January 2011. Agricultural Strategy by 1 February 2011.</p> <p>Will report progress in December 2010</p> |

| No. / Ref. | Recommendation | Priority | Management response | Implementation details |
|------------|----------------|----------|---|------------------------|
| | (cont.) | | <p>For instance, there are a number of strategies and plans in development to deliver this, including: Agricultural Strategy, Community Strategy (which will tie in with possible community use/management of existing assets), and a Disposal Strategy.</p> <p>A comprehensive mapping of all public sector assets in Barnet is also underway and will form the basis of future estates planning in relation to One Barnet</p> | |

| No. / Ref. | Recommendation | Priority | Management response | Implementation details |
|------------|---|----------|--|---|
| 5.7 | The Council should develop a performance management framework for reporting of its asset base, including key performance indicators | M | <p>The Directorate has a target to remodel and implement a new Asset Management System via the SAP optimisation project, which will be fully implemented by March 2011. Once the system is implemented we will be able to develop far more sophisticated measures around whole life costing, testing regimes, energy efficiency, disposals, repairing spend. These will be managed and reported through the quarterly Estates Management team meetings.</p> <p>In the meantime a KPI focusing on void management will continue to be monitored and actively managed.</p> <p>We have set ourselves a directorate target for 2010/11 that 95% of services managing assets manage their assets using the new asset management system by 1 May 2011. Progress will be monitored quarterly through the Commercial Directorate's quarterly budget and Performance management team meeting.</p> | <p>Commercial Directorate</p> <p>AMS implemented by March 2011</p> <p>95% of services managing assets use AMS by 1 May 2011.</p> |

| No. / Ref. | Recommendation | Priority | Management response | Implementation details |
|------------|---|----------|--|---|
| 5.9 | Once the Council has robust fit-for-purpose data for its workforce it should develop a workforce strategy which links in with how One Barnet is to be delivered | H | <p>Workforce Planning is a key objective in HR Business Plan 2010 / 2011 – Workforce Plan Report due in Qtr 4. This objective will however be delivered in the context of One Barnet</p> <p>The Barnet workforce strategy is being developed and will run to 2012. There are two aspects to this, both well developed and being implemented.</p> <p>1. Staff Engagement Plans to support the One Barnet programmes with HR resource aligned. A process already exists and has been shared with the One Barnet Programme office and the Trade Union.</p> <p>2. Develop a new relationship with employees. This strategy has been approved and converges with the end of the One Barnet programme.</p> | <p>Human Resources</p> <p>Next quarterly update in December 2010.</p> <p>Will report progress in December 2011</p> |

| No. / Ref. | Recommendation | Priority | Management response | Implementation details |
|------------|---|----------|---|--|
| 5.10 | The Council should focus attention on having an appropriate performance management system to appraise staff. It should also devise plans to ensure appraisal rates improve. | M | <p>The SAP Optimisation project –Phase 1 will improve the current system and process making it easier for managers to track progress and attach appraisal documentation. The changes to SAP will also improve the accuracy of reporting appraisal rates, which increased from 57% in August 2010 to 94.9% in November 2010.</p> <p>Phase 2 may include the SAP Appraisal enhancement package. The benefits of this addition need to be evaluated in relation to what the organisation needs, this is scheduled for completion by the end of December.</p> | <p>Human Resources</p> <p>In place by March 2011</p> <p>December 2011</p> |
| 5.12 | There should be a focus on equipping senior managers with the necessary change management skills to ensure that the One Barnet is successful. | H | <p>Managing the people impact</p> <p>Governance structure and change management policies and processes are in place for the People & Culture workstream of One Barnet.</p> <p>Commission and deliver</p> <p>Up skilling on project management framework for project managers, project leads and project sponsors so there is a consistent approach and quality assurance (including TUPE, EIAs, Business Analysis, Procurement Process, Approach to Competitive Dialogue, Risk Analysis, Role of the Project Manager).</p> | <p>Human Resources and One Barnet Programme</p> <p>Completed</p> <p>By March 2011</p> |

B Data Quality spot checks - detailed findings

| Performance Indicator | Significant concerns? |
|--|-----------------------|
| NI 135 - Carers receiving needs assessment or review and a specific carer's service, or advice and information | No |
| Summary of findings | |
| <p>Management arrangements for this indicator are adequate with no significant issues noted with the detailed testing. Based on the testing that we performed the system appears to be adequately designed to ensure the data is accurate, valid, reliable, timely, relevant and complete.</p> <p>The correct numerator and denominator are used. The numerator agreed back to the system report. There was a minor error noted as the denominator system report was 2 higher than in the outturn calculation. However this had no impact on the calculation.</p> <p>One small issue was noted in one assessment, the carer number had been entered incorrectly. This was a manual error by the carer. This did not affect the calculation of the indicator.</p> | |

| Performance Indicator | Significant concerns? |
|---|-----------------------|
| NI 155 - Number of affordable homes delivered (gross) | No |
| Summary of findings | |
| <p>The affordable homes scheme arrangements are split into two categories: (1) those planned and overseen by the Council and (2) government initiatives.</p> <p>Management arrangements appear to be adequate for those planned and overseen by the Council, however could be improved by assigned accountability of data quality through the annual appraisal process.</p> <p>There are some minor concerns with the arrangements surrounding the government initiatives, specifically with registered social landlord (RSL) quarterly returns, where there appears to be reliance on the controls within the RSL without the necessary assurances obtained. We found the following:</p> <ul style="list-style-type: none"> • currently the Affordable Homes Development Officer receives a confirmation email from RSL to inform them of completed developments, there is no requirement for the RSL to send through evidence of purchase completed agreements. • there is no overall written agreement with the RSL covering data quality, including any Data Protection Act requirements that the RSL must comply with. • the RSLs send through spreadsheets on a quarterly basis to the Affordable Housing Development Officer which are then used to compile the Council's indicator. There are no arrangements in place with the RSL regarding controls over inputting into the spreadsheets, there is no checking of the accuracy of the spreadsheets obtained from the RSLs. <p>We sample tested the validity of the national indicator against source records and had one exception to report, the quarter 4 figures for 'temporary to permanent' classification should be 26 according to the completion certificate, rather than 24 as reported. The resultant outturn for the year should be 270. This exception was found to be isolated and was a result of a miscommunication between the Council and the developer regarding the funding of these two properties. It is recommended that this amendment is made to the reported outturn figure.</p> <p>There is also ongoing discrepancy between the figures reported by the Council and the DCLG for 2008/09 and 2009/10, this is caused by two issues:</p> <p>a) The DCLG is inconsistent in the 'delivery date' it uses - for some properties it uses the practical completion certificate and for others when the property is ready for occupation; and</p> | |

b) For 2009/10 the DCLG has only included properties funded by the HCA, ignoring local authority funded properties, this is not consistent with the NI guidance.

We have gained overall assurance over the Council reported figures and compliance with the National Indicator guidance and therefore would recommend that the Council continues to follow-up these discrepancies with the DCLG.

Recommendations - NI 155

- A written agreement covering data quality, data protection, and data quality controls should be made with each of the RSLs.
- Compliance with data quality standards should form part of the annual objectives of those staff who are responsible for compiling indicators.
- The Council should continue to follow-up discrepancies with reported figures used by the DCLG.

| Performance Indicator | Significant concerns? |
|---|-----------------------|
| NI 192 - Household waste recycled and composted | No |
| Summary of findings | |
| <p>The management arrangements for this indicator are reasonable. There are sound governance arrangements with joint working partners, helping to ensure the quality of data received. There is also minimal manual intervention in the process.</p> <p>There following weakness was noted:</p> <ul style="list-style-type: none"> the three spreadsheets used to calculate the indicator use formula that is relied upon to generate the outputs for the indicator. In addition the spreadsheets are stored on a shared drive and can be accessed by anyone in the Environment and Operations team. As a result there is a risk of the information being inaccurate or unstable. <p>Whilst this weakness exists within the current system, our sample testing found that the formula has been accurately applied and there was accurate linking between all three spreadsheets. In addition, the correct numerator and denominator have been used and the method for collating the information is working satisfactorily. The numerator is based on recycled and re-used tonnage and the denominator excludes non-household waste. This is in line with the 'National Indicators for Local Authorities and Local Authority Partnerships: Handbook of Definitions' as the correct calculation of NI 192.</p> | |
| Recommendations - | |
| <ul style="list-style-type: none"> Access to spreadsheets should be restricted to those staff requiring access as part of the compilation of the indicator. Options should be explored in protecting the formula contained within the spreadsheets used to ensure that they are not changed. | |



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