AUDIT COMMISSION USE OF RESOURCES - FINAL REPORT AND UPDATE ON "ONE PLACE"

Corporate Director (Resources)

1 Purpose

1.1 To allow the External Auditors to present their report on the Use of Resources and an update on "One Place" to the Audit Committee.

2 Recommendations/for decision

2.1 The Committee is asked to note the External Auditors' report on the Use of Resources.

3 Supporting information

3.1 The External Auditors presented information about the Use of Resources assessment to the Audit Committee in their Annual Governance Report which was discussed at the meeting in November 2009. At that meeting they agreed to provide a further update and final report at the December 2009 meeting, to include additional information on related reviews.

3.2 The External Auditors' report is attached at Appendix 1. This report is in 'draft' as the Council has requested a review of its assessment and the results of the review are currently not yet known. The results should be available by the time of the Audit Committee. The external auditor will provide the Committee with an update on the outcome of the review process.

4 Reasons for Recommendation

4.1 The External Audit reports are an essential part of their independent review of the Council and are required to be presented to a formal Committee of the Council.

5 Resource implications

5.1 None.
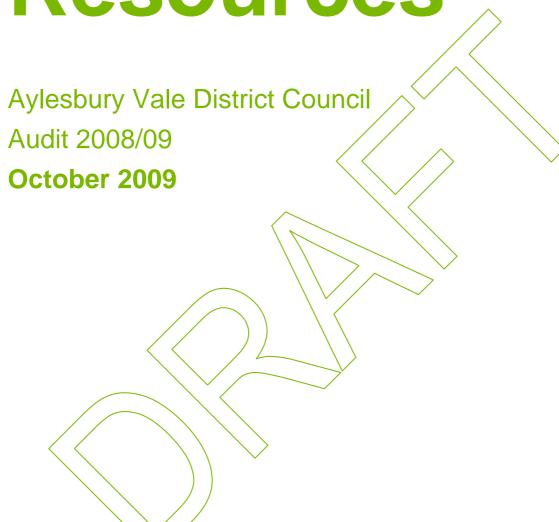
6 Response to Key Aims and Objectives

6.1 The External Audit review process underpins the Council's own performance management framework which is designed to ensure the optimum delivery of the key aims and outcomes in the Corporate Plan.

Contact Officer   Val Hinkins
                                          01296 585343
Background Documents   Audit Committee papers
                                          Audit Commission Use of Resources Guidance

Use of Resources

Aylesbury Vale District Council

Audit 2008/09

October 2009

DRAFT

Contents

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

Summary

This report summarises our key findings from our assessment of how Aylesbury Vale District Council (the Council) is managing and using its resources to deliver value for money and better and sustainable outcomes for local people.

1   The assessment is based on our work carried out in spring 2009. The Council responded well to the new methodology for the use of resources assessment. Your self-assessment document and accompanying case studies have been shared widely as an example of good practice. Our overall assessment showed that the Council has made good progress in all of the areas reviewed.

2   The Council's use of resources theme scores are shown in Table 1.

Table 1   Use of resources theme scores

The Council was assessed at level 2 in all areas

Use of resources theme	Scored judgement
Managing finances How effectively does the organisation manage its finances to deliver value for money?	Overall - 2 KLOE 1.1 - 2 KLOE 1.2 - 2 KLOE 1.3 - 2
Governing the business How well does the organisation govern itself and commission services that provide value for money and deliver better outcomes for local people?	Overall - 2 KLOE 2.1 - 2 KLOE 2.2 - 2 KLOE 2.3 - 2 KLOE 2.4 - 2
Managing resources How well does the organisation manage its natural resources, physical assets and people to meet current and future needs and deliver value for money?	Overall - 2 KLOE 3.3 - 2

3   The main shift in the approach to the assessments for 2008/09 is the focus on outcomes. As many of the Council's major initiatives will see delivery of outcomes in 2009/10, the assessments for 2008/09 reflect the timing of this work and the Council should be well-placed to show further improvement and delivery in the 2009/10 assessments.

Introduction

4   This report sets out my conclusions on how well Aylesbury Vale District Council (AVDC) is managing and using its resources to deliver value for money and better and sustainable outcomes for local people and give scored use of resources theme judgements.

5   In forming my scored theme judgements, I have followed the methodology set out in the use of resources framework: overall approach and key lines of enquiry (KLOE) document and the use of resources auditor guidance. For each of the specific risks identified in relation to our use of resources work, which were set out in our audit plan, we considered the arrangements put in place by AVDC to mitigate the risk and plan our work accordingly.

Use of resources framework

6   From 2008/09, the new use of resources assessment forms part of the Comprehensive Area Assessment (CAA) and comprises three themes that focus on:

- sound and strategic financial management;

- strategic commissioning and good governance; and

- the management of natural resources, assets and people.

7   The scores for each theme are based on the scores reached by auditors on underlying KLOE. The KLOE are generic and applicable equally to all organisations subject to use of resources judgements under CAA. This promotes consistency, demonstrating all organisations within a CAA area are treated in the same way, and to the same standards.

8   The Commission specifies in its annual work programme and fees document, which KLOE are assessed over the coming year. Judgements have been made for each KLOE using the Commission's current four point scale from 1 to 4, with 4 being the highest, please see Table 1. Level 1 represents a failure to meet the minimum requirements at level 2.

Table 2   Levels of performance

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

Source: use of resources framework: overall approach and KLOE document

Use of resources judgements

Scored judgements

9 The following detailed analysis is the wording to support the final assessments as agreed with the Audit Commission.

Managing finances

How effectively does the organisation manage its finances to deliver value for money?

10 The Council was assessed at level 2 overall for this theme.

11 The Council manages its finances effectively to deliver value for money. It has an effective planning process that supports strategic objectives and priorities while ensuring the Council maintains a balanced budget and healthy underlying reserves. These have been reviewed in the light of the wider economic downturn. These processes have also been built into the medium- and longer-term financial planning of the Council.

12 The Council has a sound understanding of its costs and performance and the factors influencing these. Cost and performance information is used in financial and service planning to make policy and service provision decisions and to identify efficiency savings. The Council regularly reviews costs to assess whether they are commensurate with the range, level and quality of services provided. It actively seeks and evaluates new ways of delivering services to achieve efficiencies and works with partners and other service providers to compare and evaluate processes, costs and outcomes.

13 The Council provides timely and reliable financial monitoring and forecasting information to support effective financial management and decision-making during the year. It has taken action to manage potential overspends during the year and responded positively to financial pressures from the wider economic downturn.

14 The opinion audit in 2007/08 was problematic. However, the Council has invested considerable effort in improving processes and is working closely with the external auditors to ensure all processes are 'fit for purpose'. While there are still concerns over the adequacy of resources; these are acknowledged by senior management and the staffing complement has been increased to meet these requirements.

15 The Council publishes an Annual Performance Report that is user-friendly, showing strategic objectives with measurable targets, financial and non financial performance with benchmarks. The publishing of external financial reporting needs to be more timely.

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

16   The Council was assessed at level 2 for this KLOE.

17   The Council's financial planning is an integrated process, linked to the strategic objectives and corporate plans. Budget setting is a robust process: service managers identify growth areas as well as service pressures and efficiency savings. This is combined with forecast spending on major projects, review of the level and nature of earmarked reserves and general fund balance to produce the draft budget. During the process underpinning assumptions are reviewed and amended accordingly. A balanced budget for 2009-10 was approved in February 2009 with a low 2% increase on Council Tax. The Council has yet to complete its full review on service prioritisation. There will be a Leisure Trust and a Commercial Property Joint Venture in operation during 2009-10 which will enable the Council to provide better services with lower costs.

18   The Council has set its budget in the context of a longer-term financial planning process with five-year revenue and ten-year capital project horizons. Financial resources needed to deliver corporate objectives and priorities and underpinning assumptions are regularly reviewed and challenged. Budget setting takes into account not only financial pressures at service level but also the impact and cost of significant developments in the Medium Term Financial Plan.

19   There is limited evidence on financial modelling. However, the Council has a healthy level of reserves and balances although these are being reviewed as part of the Council's response to the wider economic downturn.

20   The Council engages with stakeholders in its various activities but more could be done to ensure these are linked to outcomes. There is limited evidence to demonstrate how the Council has considered the results of the equalities impact assessments in its decision making. However, in specific areas such as the Leisure Trust and the Commercial Property Joint Venture the Council has closely involved external stakeholders in the financial planning process to deliver organisational and shared objectives; in the case of the Leisure Trust it will make stakeholders responsible for delivery through the management of the trust.

21   The Council has traditionally been in a net surplus revenue position and its financial standing is sound. It anticipated a net deficit for this year, met by using some of its general fund reserve. Budget setting is robust; a balanced budget set for 2009/10 with a low 2% council tax increase, partly achieved by restricting growth, and partly by releasing existing earmarked or general fund reserves.

22   The Council has introduced new capital programme and performance management arrangements which are sound. The new capital programme is smaller (in the number of projects) and no longer contains a wish list. The Council scrutinises prospective projects robustly before they are put in the programme or allowed to stay in it. Current project management arrangements on progress and cost on the new theatre are sound; the Council understands the current position and forecasts and has decided to accept extra costs rather than make cuts that could make the theatre less successful.

Use of resources judgements

23　The Council exercises collective responsibility for financial matters, with members and senior management taking the lead. The Cabinet member for Resources has worked through a portfolio holder challenge exercise that has been challenging but well-received. The budget setting process is linked to the service and corporate planning processes whereby service managers are involved in identifying growth areas as well as service pressures and efficiency savings. The new management structure since January 2009 promotes the 'one team' culture from top down.

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

24　The Council was assessed at level 2 for this KLOE.

25　The Council understands what costs it incurs, the main cost drivers and factors that influence these and how these change with activity over time. There is a good understanding across all relevant parts of the Council, supported by systematic analysis of cost drivers, of how these can be managed and the factors that influence them. Costs are analysed and compared on a regular basis and over time. The Council can demonstrate how unit costs and transaction costs compare with others and explain why these may be different. It routinely uses this information as part of its challenge as to whether it is achieving value for money. A variety of benchmarking methods and comparative information is used to benchmark areas of spend.

26　The Council takes a considered approach to whole life costs of assets in major projects. It needs to obtain further information about other projects and services including the (direct and indirect) costs of acquiring, running and disposing of assets or resources. There is a standard template giving clear criteria when to apply such an approach to significant procurement or investment decisions. Further improvements could be made in using this template to appraise wider social, environmental and economic factors, how these interact to achieve sustainable development and applying weightings to qualitative considerations for options appraisal. Cost and performance information is used in the financial and service planning process to make decisions about policies and service provisions and to identify efficiency savings. The costs and benefits of planned changes and improvements are clearly set out. There is a clear understanding of the cost implications reflected in planning and resource allocation decisions, such as in reports to Cabinet.

27　The Council has costing information to support decision-making that includes whole life, transaction and unit cost information, consideration of the social and environmental impact, comparisons between cost and level/quality/benefit of service, comparative information (with others and over time) on costs in priority and high spending areas and analysis of costs. All new investments are subject to an investment appraisal process which includes evaluation of risks and the relative costs and benefits using a standard template. Further improvements could be made in how cost variances are analysed and monitored and feed the financial planning process.

28　The Council regularly reviews costs to assess whether they are commensurate with the range, level and quality of services provided. It makes extensive use of comparison and benchmarking to increase self-awareness of costs and improve service effectiveness. Costs for key services are benchmarked and demonstrate good value compared with others, providing similar levels and standards of services and allowing

for the local context and priorities. Areas of high cost are identified and regularly scrutinised. Action is taken to ensure that costs are commensurate with performance and that the Council is obtaining best value. Costs for key services are not significantly higher than other organisations providing similar levels and standards of services, allowing for relevant local factors and local priorities. The Council actively seeks and evaluates new ways of delivering services to achieve efficiencies, for example using business process re-engineering techniques to improve processes and structures. It works with partners and other service providers to compare and evaluate processes, costs and outcomes. The Council enters into partnerships or outsourcing arrangements to get the best outcomes, such as for the payroll processing centre in Buckinghamshire. Decisions to enter into these are based on a very clear understanding, not only of the benefits that will accrue and how those benefits will be delivered but also of the costs and risks involved.

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

29   The Council was assessed at level 2 for this KLOE.

30   Budget monitoring and forecasting information is produced monthly and on a timely basis. These reports are relevant and appropriate, showing actual and forecast outturn, and variances. Data from the Council's main financial systems is reliable. Meetings were held between accountancy staff and budget holders but improvements would come from evidencing these meetings; currently a record is maintained only when an action resulted in amending the forecast outturn put through to the main financial system. Internal audit's review of financial management also recommends the Council to have a structured programme of training for budget holders.

31   The Council provides financial reports that are 'fit for purpose' to enable both monitoring of performance and supporting strategic decision-making. Timely, relevant and appropriate financial and non-financial information are presented alongside each other to users for decision-making. The Council has taken action to manage potential overspends during the year and has responded positively to financial pressures from the wider economic downturn. Reports currently produced show actual as well as forecast outturn, and key issues are highlighted for members to act upon. A separate report is produced in order to aid members in understanding complex issues and in appraising available options to support effective decision making. Budget holders are all provided with access to the Council's financial systems. It is possible to run tailored reports and these are developed in conjunction with the respective budget holders and their nominated contact in the Finance department.

32   The Council's draft accounts for 2007-08 included areas not in compliance with statutory timetables and relevant accounting and reporting standards. The accounts were approved before 30 June by the Council but the audit opinion was not issued until early November. The audit was problematic, working papers provided were inadequate and as a result additional information / supporting evidence were required. However, these findings need to be updated in the light of the 2008/09 opinion audit. The Council has taken steps to improve the situation for this year and has invested considerable effort in improving the processes around the production of the draft financial statements and is working closely with the external auditors to ensure all processes

are 'fit for purpose'. A joint facilitated workshop has helped enable common understanding of the issues, and to agree a way forward. While there are still concerns over the adequacy of resources; these are acknowledged by senior management and the staffing complement has been increased to meet these requirements.

33 The publishing of financial reporting is not consistently done on a timely basis. Although the Council met the requirements for audit by ensuring its draft accounts were available on the Council's website, the audited 2007-08 accounts were put on the Council's website in January 2009, two months after the issue of the audit opinion. The most recent annual audit letter available to the public is that of 2006-07 (The most recent letter is that for 2007/08 which was presented to the AVDC Audit Committee on 16th March 2009 and added to the website on 31/03/09). However, the Summary of Accounts published in March 2009 contains high level financial information that is consistent with the audited statement of the accounts. The Council also publishes an Annual Performance Report. It is very user friendly, clearly showing strategic objectives with measurable targets. The Council also reports on financial and non financial performance, the latter with benchmarks. Areas for improvement are around inclusion of more social and environmental information.

Governing the business

How well does the organisation govern itself and commission services that provide value for money and deliver better outcomes for local people?

34 The Council was assessed at level 2 overall for this theme.

35 The Council governs itself effectively. There is evidence of innovative ways of commissioning services to provide value for money and deliver sustainable and better value for money for the local population. The Council has involved and engaged with a wide variety of users and stakeholders when commissioning services and is using service redesign to help improve services. Involvement in the Buckinghamshire Pathfinder underpins the Council's work to influence and develop the supply market for many services, evaluate different options for procurement and review of services for competitiveness and value for money.

36 The Council has a good track record of producing and using accurate, relevant and reliable data, including partnership data. Members and officers receive 'fit for purpose' corporate reports to support their decision making that is of sufficient quality for the decision required and presented in a way decision makers understand. The Council ensures data security and compliance with relevant statutory requirements, uses information to keep areas of underperformance under review and can demonstrate it is taking appropriate action to achieve improvements.

37 The Council's governance arrangements demonstrate and promote the principles of good governance. Governance arrangements support the Corporate Plan and delivery of its main aims. There is evidence of a strong ethical framework and culture that extends into partnership working.

38 The Council has developed effective risk management processes with clear evidence these cover partnership working. Risk management arrangements are being continuously improved and refined to support the Council's internal and external initiatives. The Council has a clear strategy and effective arrangements to manage the risk of fraud and corruption with evidence to demonstrate these resources are adequate and effectively deployed. The Council has a sound system of internal control and an internal audit function that underpins this.

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

39 The Council was assessed at level 2 for this KLOE.

40 There is an Equality Strategy which shows an understanding of the inequalities and diversity of local communities and their needs for services over the longer term. The Council has a Procurement Action Plan and sustainable procurement strategy but needs to publish Equality Impact Assessments to reflect understanding of needs and wider social, economic and environmental issues. This would also help form the basis of the Council's strategic approach to service planning, commissioning and procurement. The Council has identified opportunities for greater co-operation with its statutory partners for joint commissioning in other services.

41   The Council engages with a range of stakeholders who use services, including vulnerable groups, to inform its understanding of the diverse needs of the local community and assist in establishing priorities and in service planning and design. More work is required on Equality Impact Assessments to review services. The Council has involved people who use services, partners and potential suppliers (public, private and third sector) in service design. This has helped to make to make delivery of services more socially, economically and environmentally sustainable. There is a clear, accessible explanation of the commissioning and procurement strategy on the Council's website, with effective and user-friendly guidance.

42   Services are evaluated through the Council's Service Transformation Board and redesigned to remove inefficiencies and exploit IT-driven efficiencies. This includes the redesign of the internet and intranet; further work is needed to make the website fully interactive. The Council could focus more on improving the customer experience of services, access to services and whether they offer value for money. This is also required for measuring and evaluating access to services for users to establish quality and reduce inequalities within the community.

43   The Council's commissioning and procurement is based on a good understanding of the market through the Buckinghamshire Pathfinder to optimise competitiveness, choice, and flexibility. Commissioning and procurement staff understand the network of suppliers and actively manage relationships with them. The Council supports potential providers in building their capacity to deliver services and supports the third sector's provider role by recognising the principles of best practice in grant funding arrangements. However, there remains limited evidence of plans to extend commissioning and procurement contracts to cover current 'off contract spend' areas.

44   The Council has considered a range of factors in evaluating its procurement options including:

- where it looks to source goods and services;

- considering workforce matters when services are out-sourced;

- considering joint purchasing activities with other councils and public bodies;

- whether each option considered is compliant with internal governance and legal requirements;

- understanding costs associated with different procurement options;

- how it evaluates options and makes choices; and

- the extent of feedback on the actual performance of each selected procurement option.

45   The Contracts Procedure Rules outline effective arrangements for specifying and monitoring contracts. These give a well-defined contract management process which reflects good practice both pre- and post-contract signing. The Council has collaborative arrangements within the Buckinghamshire Pathfinder but needs to follow up with other local partners.

46   The Council has a programme of service reviews through the Service Transformation Board that aim to identify service and value for money improvements. It challenges ways of working to highlight why and how a service is being provided, using

benchmarking to identify potential savings. The Council is measuring, and externally benchmarking through a variety of sources, transaction or unit costs and regularly investigates opportunities to reduce them.

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

47 The Council was assessed at level 2 for this KLOE.

48 The Council has a good track record of producing and using accurate, relevant and reliable data, including partnership data. It has a robust framework to oversee data quality. Arrangements for collecting, recording and reporting data are integrated into business planning and management processes. Staff understand the reasons for collecting data and how the data are then used. Data requirements are clearly outlined by policies and focus on strategic and service objectives. Those charged with governance provide robust scrutiny. The Council recognises the valuable contribution staff can make to improving data quality. Staff, through training, have the knowledge and competencies appropriate to their role in securing data quality. The Council clearly documents responsibilities for data quality, arrangements to comply with legal requirements, relevant national guidance and the risks arising from poor data quality. There are sound governance arrangements, based on risk, covering data quality for partnerships. An example is the Buckinghamshire Strategic Data Sharing Protocol, used to understand partners' data flows and data requirements to highlight where possible risks may occur.

49 Members and officers receive 'fit-for-purpose' information, based on good quality data, in corporate reports to support decision making and presented in a way decision makers understand. The Council aligns information provision with needs, and regularly reviews this. Information is suitably summarised, triangulated with other relevant information and supported by professional advice where necessary. The Performance Plus IT system is used to collect, record, sort and consolidate data effectively, accurately and timely. Action is taken to limit manual intervention to produce information. The Council consults with staff and other stakeholders to assess the extent to which their needs are met. Review of specific national indicators identified these as robust.

50 To do well the Council needs to ensure information for decision makers does not rely solely on performance or financial information. It also needs to hold information on diversity and equality issues.

51 The Council manages data on systems with controlled and secure access. It has a business continuity plan which covers business-critical information systems, with regular reviews and tests. There are up-to-date data security policies and guidance covering key business areas, data recording and reporting arrangements including compliance with statutory and other national data security requirements and arrangements for validating third party information. The Council is live with Government Connect, so fully compliant with a strict code of connection and is starting to incorporate these higher standards into its policies.

52 There are corporate targets as part of the 2008-2011 Corporate Plan for managing performance, including partnerships, which are aligned with strategic objectives and

priorities. These are cascaded throughout the Council and to partnerships. The cabinet or relevant committee manages and monitors implementation of major projects and strategies through the quarterly performance digest to ensure they are on track and achieve expected outcomes, particularly planned benefits. There is a hierarchy of reporting throughout the organisation against national and local targets which is used to inform decision making. The Council uses information to keep areas of underperformance under review and can demonstrate it is taking appropriate action to achieve improvements. It uses information to manage underperformance across all areas of the organisation through the Scrutiny Committee to help ensure issues of concern do not turn into issues of priority due to neglect. Indicators included in the performance digest are balanced to reflect the various parts of the Council's business. Performance, including outcomes and indicators, is benchmarked against other relevant organisations.

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

53 The Council was assessed at level 2 for this KLOE.

54 The Council has adopted, promotes and demonstrates the principles of good governance. It has developed a sound set of underlying committees and documents that demonstrates adoption of good governance. It has a Constitution that sets out the relevant roles, relationships and legal requirements of its constituent committees and their respective decision-making responsibilities. These processes extend into other areas and externally and are demonstrated through the Buckinghamshire Pathfinder governance arrangements. Feedback from external review of all Pathfinders nationally identified the Buckinghamshire governance arrangements as the strongest.

55 The Council maintains focus on its purpose and vision. It has produced a new Corporate Plan to better reflect the views of those who live and work in the Vale of Aylesbury. This takes into account the key issues from the 2006 Customer Satisfaction Survey; those targets agreed in the Bucks LAA and the business community's priorities and issues are adequately reflected in the plan. Specific outcomes from this review and updating of the Corporate Plan include the development of the joint venture for management of the Council's investment property portfolio. Its governance arrangements include formal monthly meetings chaired by the Cabinet member for Economic Development and information provided to all Council members and tenants as the project has progressed.

56 An example of the maintenance of focus and vision is through the Buckinghamshire Pathfinder. The establishment of a Joint Improvement Board responsible for managing progress across all programme work streams and making recommendations to respective councils has supported the maintenance of focus on vision and purpose. Evidence of the effectiveness of these arrangements is that the project work streams have progressed despite changes in membership during 2008/09.

57 The Council can demonstrate a strong ethical framework and culture. It has a clear code of conduct for members and for the declaration of interests. All members have signed up to this and have received training in this area. The Constitution sets out protocols for officer/councillor relations and a procedure has been introduced for dealing with complaints for councillors that have broken the code. The Standards

Committee exemplifies the ethical culture. Although it has a low level of complaints, the Committee questioned whether this was due to a lack of knowledge about the procedure and used this as a spur to promote the ethical framework with parish councils and local residents in particular and so this low level is not due to a lack of awareness of procedures.

58   The Council has applied good governance to partnership working. Specific examples include the development of:

- Aylesbury Vale Local Strategic Partnership by creating an executive board to ensure it is more effective and focused and sits alongside the wider reference group and with new terms of reference and processes for nominating sector representatives;

- the joint venture for management of its investment property portfolio. Governance arrangements in place include formal monthly meetings chaired by the Cabinet member for Economic Development and information provided to all Council members and tenants as the project has progressed.

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

59   The Council was assessed at level 2 for this KLOE.

60   The Council has effective risk management which covers partnership working demonstrated by:

- an ongoing process of continuous improvement in the risk management process with a requirement for a different qualitative review of service risks each quarter;

- effective information security through a number of methods including internal newsletters, screensavers, posters and presentations. Outcomes have been an increased awareness of the importance of information security measured through an increased number of enquiries and more use of special delivery when mailing information;

- the Strategic Investment Board has produced a better focus on the programme supporting strategic objectives and the incorporation of risk management at an individual project level as well as at an overall programme level. Risk management procedures are built into both business cases and the subsequent management of the capital programme;

- a consistent approach to risk management by the councils in Buckinghamshire to ensure a consistent risk assessment approach and reporting of LAA targets;

- partnership with the other councils in Buckinghamshire to implement the concessionary bus travel scheme, helped by effective overall risk management;

- effective risk management of delivery of the choice-based lettings project with a risk plan for the project across the Buckinghamshire districts as well as a plan for the Council itself to ensure local issues were identified and addressed;

- the Business Transformation process exemplifies effective risk and project management of the specific work streams and reduction of business and reputational risk from failing to deliver on service users' needs. Examples include,

in council tax, review of discounts and exemptions at first point of contact rather than waiting for evidence (98% of these were successful) and introducing daily (from weekly) billing to reduce the time taken to bill from 13 to 2 days. Internal improvements have led to removal of agency staff and two internal posts with annual savings of £61k.

61　The Council has a clear strategy and effective arrangements, including allocation of appropriate resources, to manage the risk of fraud and corruption. It has in place an overarching suite of policies and procedures to support a clear strategy and effective arrangements to manage these risks. These include the anti-fraud and corruption policy and Benefit Fraud Prosecution Protocol supported by an anti-fraud team and audit and risk management teams.

62　The Council's internal audit function has a clear strategy and effective arrangements for managing the risk of fraud and corruption. Our review in 2007/08 of the Council's has an internal audit function confirmed that it meets CIPFA requirements and is effective. The Council has been successful in recovering overpayments and prosecutions from benefit fraud and publicises these to support a culture of minimising fraud. The Council participates in the NFI and has identified £120,000 of overpayments that are being recovered. The Council also publicises its successful prosecutions for benefit fraud including one high-profile case that involved repossession of an individual's property.

63　The Council has a sound system of internal control including internal audit. It has an effective and improving Audit Committee which meets CIPFA requirements and has improved in its scrutiny and challenge roles. The Committee has sought improvements to the Tracker system whereby all recommendations by internal and external audit are monitored through to implementation. The Council has the procedures in place to support a sound system of internal control. It has a Probity Group that meets quarterly to consider issues of legality, probity, governance and ethical standards. The Council also has effective business continuity arrangements that were successfully tested during 2008/09.

Managing resources

How well does the organisation manage its natural resources, physical assets, and people to meet current and future needs and deliver value for money?

64 The Council was assessed at level 2 overall for this theme.

65 The Council has planned, organised and developing its workforce to support the achievement of its strategic priorities. The Council has a productive and skilled workforce and has presented itself as a good employer in the market place, exploiting a range of recruitment channels. There are effective performance management arrangements, linked to Council priorities. While the Council knows in the medium to longer term what staff it will need, workforce planning is in the early stages of integration with service planning, showing how the council will deliver its strategic objectives. The Service Transformation Programme is the vehicle for underpinning how the Council engages and supports staff in organisational change. The Council has established and maintained policies and practices, including diversity practices to support good people management, to ensure compliance with equalities legislation and duties.

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

66 The Council was assessed at level 2 for this KLOE.

Productive and skilled workforce

67 Gaps in skills have been identified with plans such as the Career Grade Programme. Full training is offered and supported as part of this. The Council has also launched a three-day Management Development Programme for those staff planning to move to line management. It has presented itself as a good employer in the market place, exploiting a range of recruitment channels, and received Investors in People accreditation in 2007. There are effective performance management arrangements - which are linked to Council priorities and support management in delivering services - that are 'fit for purpose'. There is a formal sickness and absence policy that provides an effective system for monitoring and managing levels of staff accidents and sickness absence with action identified to reduce high levels of absence where these are identified. The Council has been awarded a Category 3 Health at Work award, which shows it invests in the health, safety and well-being of its workforce. Staff costs in high spending areas are reviewed by benchmarking against other organisations.

Workforce Planning

68 Workforce planning is in the early stages of integration with service planning, showing how the council will deliver its strategic objectives. The Council will base workforce plans on reliable data and information. Plans currently set out current staffing, but also need to identify what staff are needed over the next three to five years and how the Council intends to achieve these requirements.

Organisational Change

69 Senior management effectively manage and support organisational change through the Service Transformation Programme, while involving the workforce in the process. Senior management shows commitment to engaging staff in the process of change such as through the new staff suggestion scheme and minimising the impact of change by being sensitive to the organisational culture. The Council uses various methods for communication with staff on change management issues - for example staff briefings, surgeries and focus groups - and evaluates the effectiveness of its approach to staff communications. The Council consults with staff, trade unions and other staff representative groups and actively involves them in managing change and reports positively on their involvement. The Council needs to do more post-implementation reviews include monitoring and evaluation of the impact of change on staff.

Diversity and good people management

70 The Council has established and maintained policies and practices - including diversity practices to support good people management - to ensure compliance with equalities legislation and duties. The Council provides relevant training through its supervisory development training programme and supports managers to implement the policies and practices consistently.

71 There is evidence of significant progress in building a workforce broadly representative of the community at all levels including senior management, having achieved the Equality Standard for local government at Level 3. The Council has also completed its Local Pay Review.
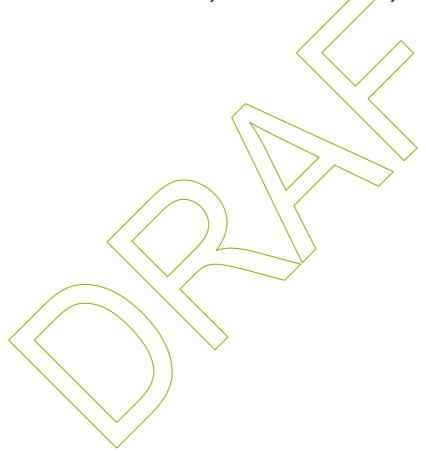
The way forward

72   The Audit Commission has shared the criteria for expectations of performance at levels 2 and 3 as part of this year's methodology. For those KLOEs where AVDC was assessed at level 2, this provides a framework for moving to a level 3 assessment. Therefore, we have not made any specific recommendations as this overall framework provides a 'route map' for movement to the next level.

73   In addition, two themes; arising from our work at AVDC, and from the reviews at other organisations, are:

* the new approach focuses on outcomes that demonstrate not only that processes are working well but that these have led to changes and improvements. We suggest that AVDC continue to use the case study approach in tandem with its self-assessment to demonstrate how effective performance with good outcomes have been achieved during 2009/10;

* those organisations assessed as performing well under the new approach have been able to demonstrate examples of good outcomes resulting from partnership working both with similar types of organisation but also with other sectors. The evidence of partnership working provided by AVDC was good and AVDC should continue to use the case study approach with its self-assessment to demonstrate how multi-agency partnership working has led to improved outcomes.

74   We will work with the Council to identify examples and characteristics of level 3 performance from the national findings to support the Council in considering what is required to move to the next level of performance. Also, as the next iteration of the use of resources review will focus in more detail on those areas where there have been changes in performance, we will focus on those areas where the Council wishes to present a self-assessment at a higher level of performance.

Use of resources 2009/10

75 The key lines of enquiry specified for the assessment are set out in the Audit Commission's work programme and scales of fees 2009/10. My work on use of resources informs my 2009/10 value for money conclusion. In my letter of 12 March 2009 about the audit fee for 2009/10, I did not identify any significant risks in relation to my value for money conclusion.

76 An additional KLOE, 3.1 - Natural resources will apply to the Council for 2009/10. KLOE 3.3 - Workforce planning - will not be assessed.

77 I have also considered any additional risks arising from my 2008/09 value for money conclusion and concluded that there were none arising. I have not identified any additional risks in relation to my 2009/10 value for money conclusion.

Appendix 1 – Action Plan

The Audit Commission has shared the criteria for expectations of performance at levels 2 and 3 as part of this year's methodology. For those KLOEs where AVDC was assessed at level 2, this provides a framework for moving to a level 3 assessment. Therefore, we have not made any specific recommendations as this overall framework provides a 'route map' for movement to the next level.