

Subject: Use of Resources Action Plan

Status: For Publication

Report to: Audit Committee

Date: 4th December 2008

Standards Committee

9th December 2008

Report of: Head of Financial Services

Portfolio

Holder: Finance & Resources

Key Decision: No

Forward Plan General Exception Special Urgency

1. PURPOSE OF REPORT

1.1 The purpose of the report is to update Members regarding the Council's Use of Resources action plan in order to achieve a score of 3 by 2010.

2. CORPORATE PRIORITIES

2.1 The matters discussed in this report impact directly on the following corporate priorities and associated corporate objective.

- Delivering Quality Services to Customers (Customers, Improvement)
- Well Managed Council (Improvement, Community Network)

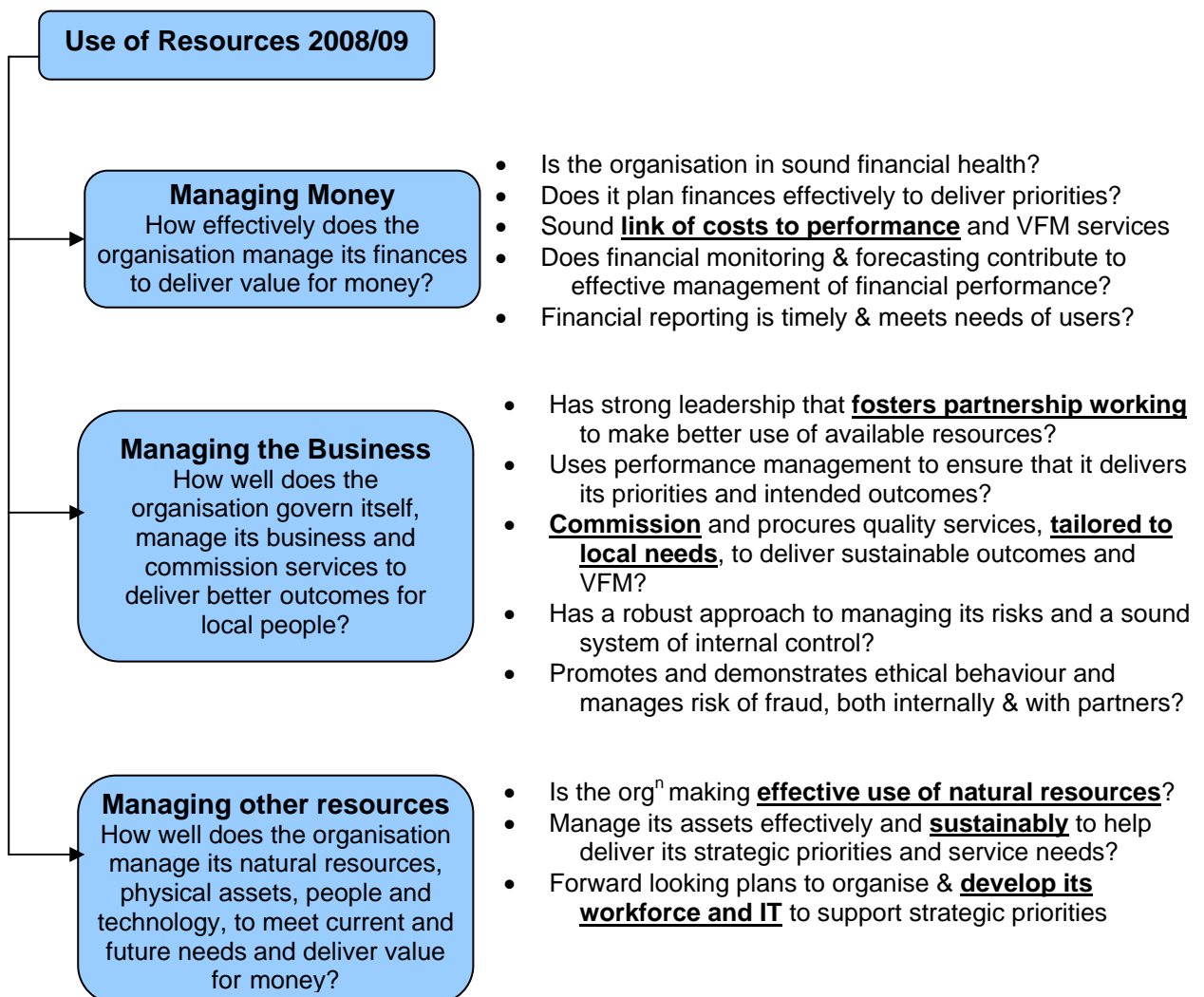
3. RISK ASSESSMENT IMPLICATIONS

3.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

- Reputational in that the annual Use of Resources score is an independent and public assessment of how the Council manages its financial affairs.

4. BACKGROUND AND OPTIONS

- 4.1 The latest published score for the Council in relation to Use of Resources is 2. We are due to receive our latest score for the period ended March 2008, sometime during December 2008. Early indications are that we retain our score of 2.
- 4.2 An action plan has therefore been drawn up in order to take a corporate wide approach and collective ownership of the goal of achieving a score of 3 by 2010 (Action Plan attached as Appendix 1)
- 4.3 The Use of Resources “Key Lines of Enquiry” (KLoE) for 2008/09 have further developed the previous assessment areas (Financial Reporting, Management Standing, Internal Control and Value for Money) and consolidated and enhanced them as follows:



4.4 Scoring as a result of the revised KLoEs will demonstrate the following:

Use of Resources 2008/09 Scoring		
level 2 <i>only at minimum requirements – adequate performance</i>	level 3 <i>consistently above minimum requirements – performing well</i>	level 4 <i>well above minimum requirements – performing strongly</i>
Arrangements that are consistent with established professional practice and guidance and meet statutory requirements.	Implemented arrangements are: <ul style="list-style-type: none"> • more forward looking and proactive • more complex to operate, eg through partnerships; • more sophisticated measuring and assessment 	Demonstrating innovation and best practice.
Arrangements sufficient to address the KLOE eg. demonstrating commitment and leadership, risk based strategy and supporting action plans, capacity and skills.	Outputs and outcomes demonstrate arrangements are effective.	Demonstrating strong outcomes for the community.
Effective arrangements which achieve minimum levels of performance.	Evidence of performing consistently above adequate performance and achieving value for money	Achieving excellent value for money.

4.5 Use of resources is the Commission’s annual assessment of how well organisations manage their resources and will be one element of the new CAA framework.

COMMENTS FROM STATUTORY OFFICERS:

5. SECTION 151 OFFICER

5.1 Financial matters are dealt with in the body of the report.

6. MONITORING OFFICER

6.1 The Monitoring officer has agreed the action plan. She and her team are taking a proactive role in delivering the plan.

7. HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)

7.1 The Head of People & Policy has agreed the action plan. She and her team are taking a proactive role in delivering the plan.

8. CONCLUSION

8.1 That the action plan is robust and fit for purpose in delivering a future Use of Resources score of 3.

9. RECOMMENDATION(S)

9.1 That Members note and accept the Use of Resources action plan.

10. CONSULTATION CARRIED OUT

10.1 Directors and Officers

10.2 Internal Audit

10.3 External Audit

11. EQUALITY IMPACT ASSESSMENT

Is an Equality Impact Assessment required No

Is an Equality Impact Assessment attached No

12. BIODIVERSITY IMPACT ASSESSMENT

Is a Biodiversity Impact Assessment required No

Is a Biodiversity Impact Assessment attached No

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Background Papers	
Document	Place of Inspection
Audit Commission - Use of Resources Reports	Finance

Use of Resources 2008-09 Action Plan

1 Managing Money		Similarities to 2007-08 KLOE	Results on 2007-08 KLOE	Initial 2008-09 assessment	Responsibility	Actions Required / Planned
Sources of evidence Medium term financial plan, equalities impact assessments and strategies e.g. capital, treasury management, HR, and asset management; service planning and financial planning process; annual budget and monitoring reports; financial accounts, performance against targets, external report; Board papers; self evaluation and internal challenge; costing information and benchmarking; investment appraisals; demonstration of achievement of priorities, objectives and outcomes for local people						
1.1 The organisation is in sound financial health.						
Level 2 – performing adequately						
1.1.1	The board exercises collective responsibility for financial matters.			Y	PS	Evidence Cabinet financial decisions
1.1.2	A member of the top management team has responsibility and accountability for leading, and providing professional advice, on financial issues.			Y	PS	Evidence PS's input at EMT discussions and decisions
1.1.3	The leadership is financially literate and understands the financial environment in which the organisation operates.			Y	PS	What are the qualifications/background of the Cabinet?
1.1.4	There is a corporate development programme in place to promote financial literacy and skills in the organisation.			Plan	JMC/H.R.	Need to do another training session in next 2 months and more regular updates for all managers
1.1.5	The finance function is adequately resourced with appropriate skills; staff are trained and provide good financial support to the organisation and its partnerships.			Y	JMC	Joined CIPFA FAN, AAT, Procurement, MBA, VAT training etc
1.1.6	The organisation has achieved any applicable statutory or other externally set financial targets for the year.				PS	What can we show?
1.1.7	The forward financial planning process identifies any shortfalls in resourcing and underlying cost pressures in the medium term. The organisation is taking timely action to address these, assess the associated risks and monitor progress to ensure it can continue to deliver services within available resources.			P	PS	MTFS is a 3-yr plan. As with capital plan we can show cabinet prioritisation in current economic climate. Need to monitor risks and progress in
1.1.8	The organisation's cash flow management maximises the use of cash resources and ensures timely payment of suppliers.			Y	PS/JMC	Cash flow monitoring is improving. Link to LPI8 & debtors collection improvements
1.1.9	The financial planning process incorporates, where relevant, a soundly based policy on the level and nature of reserves and balances			Y	PS	MTFS sets the scene - need to evidence consideration of JE and Budget Volatility reserve
1.1.10	The organisation has operated within its budget and levels of balances have been maintained within the range determined by its policy.			P	JMC	Kept to the £750k plans and set up other earmarked reserves because of tight budget monitoring - BUT have any service levels slipped??? Need to evidence integrated reporting
1.1.11	Where relevant, the organisation sets and monitors challenging targets for material categories of income collection and recovery of arrears, based on age profile of debt. Appropriate corrective action is taken during the year to achieve the targets.			P	SAT/Legal	Need to link sundry debt monitoring to department efforts to collect cash AND add SAT/Capita monitoring in the monthly reports.
Level 3 – performing well						
1.1.12	The board challenges its effectiveness and leadership on financial management. It promotes best practice in financial management and addresses areas of weakness.			N	JMC	Need to show outcomes from benchmarking exercises and apply more widely. CIPFA FAN training to strengthen weaker areas. Any input from partnerships with LCFO's & Lancs P'ship?
1.1.13	The leadership fosters an environment where there is good understanding and routine challenge of financial assumptions and performance. This is supported by good quality and regular financial reporting to the board.			Y	JMC	Evidence is the Cabinet insistence on re-profiling capital programme in light of poor receipts so far. Extending monthly financial reporting - integrate performance as well as finance.
1.1.14	The leadership promotes both internally and externally a culture of transparency about its financial performance and position.			?	PS	Should the monthly reports become more widely available?
1.1.15	Managers throughout the organisation are financially literate and well supported on financial matters.			P	JMC	Managers don't access the ledger direct - need to assess their need and wishes - can we show the reports are current enough?
1.1.16	The organisation has achieved any applicable statutory or other externally set financial targets in each of the past two years or has a recent history of operating within its budget alongside good service performance.			?	PS	How can we link service performance to financial forecasts and out-turn?

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1.2 The organisation plans its finances effectively to deliver its strategic priorities.						
Level 2 – performing adequately						
1.2.1	Medium term financial planning and annual budgeting reflect the organisation's strategic objectives and priorities for the year and longer-term and the assumptions on which they are based are clearly stated.			P	PS	Need to focus more on risks, sensitivity analysis as well as direct links to priorities and objectives through investment in services
1.2.2	The financial and corporate planning processes are integrated, linked to risk management, and incorporate strategic planning for other resources such as assets, capital and human resources. The planning processes are understood and contributed to by			?	PS/JMC	Need to strengthen some areas of the MTFs and where it fits in the business planning process - golden
1.2.3	External funding is sought where appropriate to support local priorities.			Y	PM / SJ	NWDA, Elevate, Health monies, adrenaline gateway
1.2.4	The key messages from the organisation's financial planning process are communicated effectively to staff and stakeholders as appropriate.			Plan	PS	Need to present again for Members & Managers as part of budget setting process - then evidence involvement in the process by managers and
1.2.5	A comprehensive, balanced and realistic revenue budget, supported by realistic savings plans if required, has been set and approved by the board.			P	JMC	Show 07/08 and 08/09 track record of achieving savings - include specific progress chart in monthly reports
1.2.6	The organisation keeps its treasury management strategy under review and monitors and reports performance against it.			N	PS	Excellent opportunity for 6-month review in current banking climate. Separate report to Cabinet?
1.2.7	The organisation assesses the impact of its policies and strategies on its diverse communities in compliance with equalities legislation and the environmental and social impact of decisions on local communities.			N	SAT	Can we show EIA on BACs for Benefits and the resulting liaison with banks to ensure access for all?
Level 3 – performing well						
1.2.8	The organisation involves external stakeholders, (for example bodies that have joint working arrangements or partnerships with the organisation) in the financial planning process in order to deliver organisational and shared objectives.			P	PS	We involve them, but to what end? Do we get real input in return?
1.2.9	The organisation consults local people and communities on significant spending decisions and any charging policies as appropriate. They are given opportunities to engage through processes such as <u>participatory budgeting</u> that enable their views to be taken into account.			P	PS/JMC UH	Could we do more on voting - perhaps website voting and youth council voting to encourage participation?
1.2.10	The organisation can demonstrate that financial planning is contributing to improved outcomes in relation to priorities.			?	DH	Can we demonstrate re-directed resources to priority outcomes are achieving the service improvements required?
1.2.11	The organisation can demonstrate other outcomes of a good financial planning process including: timely and efficient completion and adoption of the annual budget;			Y	JMC	First draft mid Sept - now need to show the consideration process clearly from here to Feb
	a stable and responsive financial environment for service planning and delivery;			?	JMC	
	a sustained focus on achieving priorities by shifting resources from low to high priority areas;			?	JMC	Can we identify low and high priority areas?
	a structured medium term approach to delivering savings and efficiencies; and			Y	JMC	Show 3yrs projections on the savings and investment sheets this year - show also monthly progress monitoring of savings in 08/09
	a well managed capital programme linked to priorities and supporting service improvements.			Y	NN	IT and asset investment, playgrounds and vehicles - need to show how these capital investments affect revenue costs and services
1.2.12	The financial planning process assesses the impact of the medium-term financial plan on its sustainable objectives.			?	PS/JMC	
1.2.13	The financial planning process works on a medium to long term basis. It models balances, cash flows, resource requirements, revenue and expenditure totals using different planning scenarios (for example best and worst case and most likely) and links this to its risk management, financial and performance reports.			N	PS/JMC	Needs a lot of work on sensitivity analysis and risk management in the MTFs as well as worst & best predictions for next 3 yrs - then resulting decisions/recommendations from those analyses. Could then include a 3-yr high-level budget in the Budget Book.

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The organisation has a sound understanding of its costs linked to performance and achieves value for money in the delivery of services.						
1.3 Level 2 – performing adequately						
1.3.1	The organisation is working to understand what costs it incurs, the main factors that influence these, how they change with activity and over time.			Y	DH/NN	Focus in Benefits, IT, Car Parking, Refuse Collection etc
1.3.2	Information used for decision making includes: <ul style="list-style-type: none"> whole life, transaction and unit costs; comparisons between costs and quality of services; comparative information (with others and over time) on costs in priority and high spending areas; analysis of pay and pension costs; and analysis of need. 			?	DH/NN	Needs a lot of work here
				N	DH/NN	
				N	DH/NN	
				Y	DH/NN	
				N	DH/NN	
1.3.3	The organisation reviews its costs to assess whether they are commensurate with the range, level and quality of services provided. Areas of high cost are identified and scrutinised on a regular basis to ensure that the organisation is achieving value for money.			P	DH/NN	Need to do more benchmarking - Look at comparative procurement successes under ELeP as an indicator of
1.3.4	Costs for key services are not significantly higher than other organisations providing similar levels and standards of services, allowing for relevant local factors.			N	DH/NN	Need to do more local benchmarking - perhaps LCFO's is an ideal forum for all Lancs districts.
1.3.5	All new investments, whether capital or revenue, are subject to an investment appraisal process which includes evaluation of risks and the relative costs and benefits.			Y	PS	What new projects will we be able to use as evidence?
Level 3 – performing well						
1.3.6	The organisation understands what costs it incurs and how they change with activity and external factors and uses this information in its financial and service planning process to evaluate alternative policies, programmes, activities and to identify efficiency savings.				DH/NN	
1.3.7	Cost variances are analysed and monitored and feed the financial planning process.				DH/NN	
1.3.8	There is good comparative information on costs and performance and the organisation routinely uses this to review and challenge whether it is achieving value for money.				DH/NN	
1.3.9	When making decisions, the organisation considers and takes account of whole life costs and benefits and their impact on the local community and environment.				DH/NN	
1.3.10	The organisation achieves planned outcomes across a range of services, while maintaining relatively low overall costs allowing for relevant local factors.				PS	
1.3.11	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.				DH/NN	
1.3.12	The organisation has an understanding of the total resources at the disposal of significant partnerships. These resources are used to support clearly identified outcomes.				M Riley	
1.3.13	The organisation works with its partners and other providers to compare and evaluate processes, costs and outcomes. It uses comparison and benchmarking to increase its self-awareness and efficiency.				M Riley	

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The organisation's financial monitoring and forecasting is timely and contributes to the effective management of its financial performance.						
1.4						
Level 2 – performing adequately						
1.4.1	Budget monitoring and forecasting information is reliable, relevant, and understandable. It is produced on a regular and timely basis throughout the year and leads to prompt action being taken to address any variances or other issues.			Y	JMC	Monthly - need to reduce days to produce and widen availability of report
1.4.2	In-year financial monitoring and forecasting information is consistent with the financial information reported externally to stakeholders at the year end, with no significant variances.			Y	JMC	Should be ok - need to ensure good control of forecasts in run up to year-end and last monthly report to Cabinet v Out-turn.
1.4.3	Action is taken in year to manage potential overspends so there is no adverse impact on service delivery or in the achievement of corporate priorities.			Y	DH/NN	Evidence the work on Building Control, Insurances, asset costs & Land Charges
1.4.4	The organisation considers financial information alongside related performance information linked to strategic objectives to monitor financial performance across the organisation.			N	PS	Needs work to continue one exercise in Summer 08
1.4.5	The financial performance of significant partnerships is regularly reviewed, linked to outputs, and the results shared with partners and acted upon.			N	PS & M.Riley	Would need work
Level 3 – performing well						
1.4.6	The organisation has a good track record of achieving non-financial and financial targets.					
1.4.7	The organisation has identified a small number of focussed financial and non-financial indicators that enable it to monitor its financial performance against corporate priorities and whether it is achieving value for money in the delivery of services.			N	PS/JMC	Could we identify a small number of key indicators linking finance to performance and report on monthly?
1.4.8	The organisation's financial information systems are accessible and provide for timely tailored and meaningful information, for <ul style="list-style-type: none"> allowing budget holders to directly access monitoring and forecasting information on the system or intranet; including flexible reporting tools to enable specialist reports to be designed and accessed at any time; and producing profiled financial monitoring reports for budget holders soon after the month end leading to managers responding to issues in a timely way. 			P Y Y	JMC/LO JMC/DH	Would they really want this? Need to ask Crystal reports and Report Scheduler - show work in 08/09 on debtor reports as progress Find evidence of decision-making support for managers and how current support is timely and detailed enough

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1.5 The organisation's financial and external reporting complies with requirements, is timely and meets the needs of users and local people.						
Level 2 – performing adequately						
1.5.1	The organisation's accounts comply with statutory requirements, statutory/regulatory timetables, relevant accounting and reporting standards.			Y	JMC	Ensure even fewer disclosure issues in 08/09 accounts by joining CIPFA FAN and preparing for IFRS
1.5.2	The accounts submitted for audit presented fairly the financial position but contained non-trivial errors. The published statements include an unqualified audit opinion.			Y	JMC	07/08 showed timing improvements from monthly monitoring regime - keep these up and concentrate on capital prog closedown to improve further. Get IPF working for us!
1.5.3	The organisation supported an efficient audit of its accounts by providing working papers and responding promptly to additional requests for information.			Y	JMC	Still room for improvement on wp's. Get disclosure checklist electronically and start to complete in April (COST?)
1.5.4	The most recent published accounts (annual report for PCTs) and annual audit letter are available to the public and appear on the organisation's website on a timely basis and in accessible formats.			Y	JMC	Get on website quickly and out to libraries etc
1.5.5	External reporting is timely and provides an objective, balanced and understandable assessment of the organisation's activities, achievements and financial performance in the year.			P	JMC	Does the Annual report clearly provide links to the financial performance? Perhaps not well enough - could have more original content!
Level 3 – performing well						
1.5.6	The overall quality of the draft accounts approved by the board was good. Any errors are considered 'clearly trivial' and the accounts were supported by thorough documentation and analysis.			P	JMC	Further training before 08/09 accounts - needs continual improvement over 07/08 gains
1.5.7	The leadership exercises collective responsibility for, and prioritises, financial and external reporting and demonstrates robust challenge and scrutiny.			Y	PS	We do have a robust scrutiny of the accounts. We can show some quality assurance and challenge by the portfolio holder ahead of the public version to Accounts cte
1.5.8	Internal financial monitoring and reporting during the year is reliable and accruals based, ensuring a clear link between the budget, in-year forecasts and actual year end position, and facilitates timely and efficient close down of the accounts.			Y	JMC	07/08 was a big improvement year for this - only the year-end capital transactions and final provisions reviews were done after the last Cabinet report in 07/08 accounts
1.5.9	The board receives reports that are clear, relevant and concise, highlighting the key financial and performance issues and risks of which they need to be aware. The reports assist the board in understanding complex issues and in appraising available options to support effective decision making.			P	PS	Performance needs beefing up, we also need to evidence the resulting decisions
1.5.10	External reporting includes environmental and social information with an analysis of the organisation's environmental footprint.			N	P.Mephram & G.Hampson	need to assess how to do this
1.5.11	The organisation seeks the views of stakeholders as to what information is required in its external reporting and tailors it accordingly.			N	JMC	Need to do this in next couple of months - when issuing the 07/08 accounts and the draft summary accounts we need to get some feedback. L Entwistle would be good!

Use of Resources 2008-09 Action Plan

2 Managing the business		Similarities to 2007-08 KLOE	Results on 2007-08 KLOE	Initial 2008-09 assessment	Responsibility	Actions Required / Planned
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2.1 The organisation has strong leadership with a clear vision and fosters partnership working to make better use of available resources.						
Level 2 – performing adequately						
2.1.1	The organisation's leadership has a vision of what it wants to achieve for its local communities, founded on a robust assessment of local needs and is committed to engaging with stakeholders and local people, including disadvantaged groups.				M Riley	
2.1.2	The vision is translated into ambitions and clear strategic priorities that drive the business.				H Lockwood	
2.1.3	The roles and responsibilities of board members and top management are documented; they are trained and have the skills to carry out their roles effectively.				L.Fisher	
2.1.4	The leadership fosters and promotes effective working across partners to make better use of available resources.				M Riley	
2.1.5	Board members and officers receive good quality information to support their decision making that is: <ul style="list-style-type: none"> • relevant to the decision, clear and meaningful; • appropriately detailed; and • supported by professional advice wherever appropriate 				L.Fisher L.Fisher L.Fisher L.Fisher	
2.1.6	There is an accessible and public record of key decisions taken by the organisation which is explicit about the reasons for, and information supporting, decisions and their impact.				L.Fisher	
Level 3 – performing well						
2.1.7	The leadership maintains focus on delivering the organisation's strategic priorities.				L.Murphy	
2.1.8	Partners consider that the organisation's leadership fosters and promotes effective working across partners to improve outcomes for local people.				M Riley	
2.1.9	Difficult decisions are taken on a timely basis and balance competing demands and priorities.				L.Fisher	
2.1.10	The leadership sets the tone for effective working by creating a climate of openness, support and respect.				L.Fisher	
2.1.11	There are constructive working relationships between board members and officers and with partners.				L.Fisher	

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2.2 The organisation uses performance management to ensure that it delivers its priorities and intended outcomes for local people.						
Level 2 – performing adequately						
2.2.1	There are corporate targets for managing performance, including partnerships, which are aligned with strategic objectives. These are cascaded throughout the organisation and to partnerships. Standards for target-setting are consistently applied across the organisation, with clear expectations of improvement.				L.Murphy	
2.2.2	Performance management is underpinned by good quality information, including customer satisfaction measures. It includes national and local performance and quality of life indicators as well as financial and efficiency information.				L.Murphy	
2.2.3	Action plans are an integral aspect of performance management and there is a hierarchy of reporting throughout the organisation against targets which is used to inform decision making.				L.Murphy	
2.2.4	Reports produced for external stakeholders and the public are accessible and meet any statutory requirements for performance reporting. As a result, the organisation, the community and its partners have a good picture of how well it is performing against its ambitions and priorities.				L.Murphy	
2.2.5	The performance of managers is managed against personal objectives linked to service plans, and the financial performance of their service areas if appropriate, and they are clear about how their contribution links to organisational priorities.				L.Murphy	
2.2.6	The implementation of major projects and strategies is managed and monitored by the board to ensure that they are on track and that expected outcomes are realised.				L.Murphy	
Level 3 – performing well						
2.2.7	Performance management is integrated with the management of resources so that resources follow priorities whilst retaining the flexibility to respond to performance issues. There is a sustained focus on value for money.				LM & PS	
2.2.8	There are clear and agreed targets for improvement which are outcome-based and challenging.				L.Murphy	
2.2.9	Performance management is embedded throughout the organisation and its partnerships Performance is benchmarked against others, including outcomes and indicators.				L.Murphy	
2.2.10	Areas of underperformance are kept under review and the organisation can demonstrate that performance is improving.				L.Murphy	
2.2.11	The organisation is self-aware and has an approach to learning from: the experiences of people who use services, post-implementation reviews of major projects, external reviews, staff feedback, complaints and whistleblowing cases. It uses external challenge in its reviews of services and performance and the results of these reviews influence practice.				LM & PS	

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2.3 The organisation commissions and procures quality services, tailored to local needs to deliver sustainable outcomes and value for money.						
Level 2 – performing adequately						
2.3.1	The organisation has an understanding of inequalities and its local community needs for services over the longer term. It is working with partners to produce joint strategic needs assessments. This understanding of need will form the basis of the organisation's strategic approach to commissioning and procurement.				L.Murphy, M.Riley & PS	
2.3.2	The organisation engages with a range of stakeholders and people who use services, including those who are 'hard to reach', to assist its understanding of the diverse needs of the local community.				M Riley	
2.3.3	The organisation reviews services in the light of its assessment of need and identifies priority services for review. It involves people who use services, partners and potential suppliers (public, private and third sector) in the design of services.					Potentials could be Taxis, Markets?
2.3.4	The organisation is focusing on demand management (preventative measures) that evidence shows can have the biggest impact on minimising activity that is undesirable or could be replaced with activity that can provide better more sustainable outcomes, more choice or improved value for money.				L.Murphy	combine with NI14?
2.3.5	Commissioning exercises: <ul style="list-style-type: none"> are based on a good understanding of the market to optimise competitiveness, choice, and flexibility; where appropriate, support potential providers, in building their capacity to deliver services; support the third sector in its provider role by recognising principles of best practice in grant funding arrangements, for example committing to longer term funding where this represents value for money; understands the costs associated with different procurement options; and involve providers in designing services that best meet needs and priorities and improve value for money. 				G Hampson G Hampson M Riley	
2.3.6	Use of joint commissioning is formally evaluated; for example, between PCTs and local authorities for social care services.				G Hampson G Hampson Lancs P'ship	
2.3.7	Procurement procedures ensure compliance with internal governance and legal requirements, including European Union regulations.				G.Hampson & C.Birtwistle	
2.3.8	The organisation is assessing the impact of its procurement in the context of the National Sustainable Procurement Taskforce Action Plan, and is identifying target areas for action.				G Hampson & P.Mephram	
2.3.9	There are effective arrangements for specifying and monitoring contracts and other forms of agreement for the performance of services to ensure compliance with contract terms and conditions.				C.Birtwistle	
Level 3 – performing well						
2.3.10	The organisation has completed a needs assessment, including a joint strategic needs assessment with partners, which identifies future as well as current needs. It demonstrates a good understanding of inequalities and identifies how it may narrow the gap between vulnerable groups and the rest of the community.				L.Murphy	
2.3.11	The needs assessment drives forward long term commissioning decisions and partnership objectives.				L.Murphy	
2.3.12	There is information on satisfaction with services and how it differs across different groups in the community. Feedback is obtained systematically from all sources including: partners, staff, residents and people who use services, to assist in making improvements to services.				M.Riley	
2.3.13	The organisation has a good understanding of the supply market and is working to develop it over the longer term by engaging with potential providers, building capacity where appropriate, and making providers aware of future commissioning and community needs.				G Hampson	
2.3.14	The organisation has successfully implemented examples of demand management.				L.Murphy	
2.3.15	It sets clear and stretching targets for procurement and can demonstrate that it is delivering key outcomes intended such as better quality services, sustainability and/or reduced costs.				G Hampson	
2.3.16	The organisation is proactive in considering a variety of different options, both internal and external, for procuring goods and services, including through partnerships and on a shared basis, and uses a formal appraisal process to choose the most appropriate method.				G Hampson	DH has some examples - Pennine Lancs and Lancs P'ship
2.3.17	The organisation has identified target areas for developing its capacity to procure sustainably. It can provide examples of incorporating sustainability into its procurement approach in nationally-identified high priority areas.				G Hampson & P.Mephram	

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2 Managing the business		Similarities to 2007-08 KLOE	Results on 2007-08 KLOE	Initial 2008-09 assessment	Responsibility	Actions Required / Planned
Sources of evidence satisfaction surveys; staff feedback; external reviews; commissioning processes; joint commissioning agreements; procurement procedures; risk management strategy; risk registers; risk management training; audit committee papers; internal audit plan and reports; business continuity plans; governance statement (SIC); assurance framework; standing orders, scheme of delegation; partnership agreements; codes of conduct; registers; record of complaints; fraud and corruption strategy; record of employee checks; NFI.						
2.3.18	All new procurement decisions take account of whole life cost considerations.				G Hampson	

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2 Managing the business		Similarities to 2007-08 KLOE	Results on 2007-08 KLOE	Initial 2008-09 assessment	Responsibility	Actions Required / Planned
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2.4 The organisation has a robust approach to managing its risks and a sound system of internal control.						
Level 2 – performing adequately						
2.4.1	The board ensures that corporate business risks are being identified and effectively managed in line with its risk management				PS	
2.4.2	The organisation maintains and regularly reviews a register of its corporate and operational business risks, including the risk of fraud and corruption, which: links risks to strategic objectives assesses the risks for likelihood and impact assigns named individuals to lead on actions identified to mitigate each risk				PS & L.Fisher PS & L.Fisher PS & L.Fisher M Riley	
2.4.3	Risk management considers risks in relation to significant partnerships, including the risk of fraud and corruption, and provides for assurances to be obtained about the management of those risks.				PS & L.Fisher	
2.4.4	All those involved in the organisation's risk management arrangements are given relevant training and guidance.				PS & L.Fisher	
2.4.5	The organisation has a sound system of internal control which includes: <ul style="list-style-type: none"> • delivering the core functions of an audit committee; • providing effective internal audit in accordance with relevant requirements • an assurance framework informing transparent governance reporting <ul style="list-style-type: none"> • standing orders, standing financial instructions and a scheme of delegation • ensuring compliance with relevant laws and regulations and that expenditure is lawful • sound internal financial control with up to date procedure notes for key systems 			Y	PS PS PS & L.Fisher PS & L.Fisher PS & L.Fisher	
2.4.6	The organisation has a business continuity plan in place which is reviewed and tested on a regular basis.				PS & JMC L Cropper, A.Buckle, JMC M Riley	LCC Internal Audit proof from systems audits
2.4.7	There are effective governance arrangements for significant partnerships.					
Level 3 – performing well						
2.4.8	The organisation can demonstrate that it has embedded risk management in its business processes, including: strategic planning financial planning policy making and review performance management project management.				PS PS L.Murphy L.Murphy H Lockwood	Corporate Plan MTFS and Budget-setting
2.4.9	All board members receive risk management awareness training appropriate to their needs and responsibilities				PS	Internal/External Audit provide annual seminar?
2.4.10	The organisation can demonstrate that partnerships embed risk management, as part of setting priorities, policy making, financial planning and performance management.				M Riley	
2.4.11	Effective risk management supports the organisation in taking and managing significant risks to successfully deliver innovative and challenging projects.				PS	Town centre development? Adrenaline Gateway? Regen Delivery?
2.4.12	The audit committee can demonstrate the impact of its work in providing: <ul style="list-style-type: none"> • effective challenge across the organisation; and • assurance on the risk management framework and associated internal control environment to the board and the public. 				PS PS	
2.4.13	The organisation obtains assurance on a risk basis of the viability of its significant contractors' and partners' business continuity plans				C.Birtwistle	
2.4.14	Reports to support strategic policy decisions, and initiation documents for all major projects, require a risk assessment including a sustainability impact appraisal.				H Lockwood	

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2.5 The organisation promotes and demonstrated ethical behaviour and manages the risk of fraud both for itself and working in partnership with others.						
Level 2 – performing adequately						
2.5.1	The leadership is promoting a strong ethical and counter fraud culture and upholding values of good governance.				L.Fisher	Audit expected signed written interests update each May
2.5.2	The organisation has adopted codes of conduct for its board members and staff. It has arrangements to receive and investigate allegations of breaches of proper standards of conduct.				L.Fisher	
2.5.3	The organisation reviews and monitors compliance with its codes and procedures, and reports the findings and any action taken, to board members. These include: codes of conduct; registers of interests, gifts and hospitality; code of practice for IT resources; standing orders and financial regulations; and procurement procedures.				L.Fisher L.Fisher A Buckle PS	Some assistance from Int Audit and Exchequer staff
2.5.4	The organisation's complaints and whistleblowing policies and arrangements have been communicated and are easily accessible to staff, the public, partners and those parties contracting with the organisation.				G Hampson & C.Birtwistle	
2.5.5	The organisation has a counter fraud and corruption strategy that is linked to its strategic objectives and describes outcomes against which to evaluate its effectiveness. It has a programme of work which is risk based and proportionate, and aims to create an anti-fraud and corruption and zero tolerance culture.				L.Fisher & SAT & Internal Audit	
2.5.6	The organisation promptly investigates potential cases of fraud or corruption using appropriately trained and skilled staff.				Capita & LCC Audit	
2.5.7	Effective employee checks are in place and include appropriate action when individuals fail the check.				L.Murphy	
2.5.8	The organisation has a policy on the application of sanctions and recovery of losses where fraud or corruption has been proven and applies this in a consistent way.				L.Murphy & L.Fisher	
2.5.9	It can demonstrate effective participation in the National Fraud Initiative (NFI) and compliance with the requirements.				SAT, Exchequer, LCC Audit	
Level 3 – performing well						
2.5.10	The organisation is proactively raising standards of ethical conduct, including through the provision of ethics training, guidance and information. It communicates progress made in improving the ethical culture to stakeholders and local people.				L.Fisher	
2.5.11	The organisation can demonstrate that partnerships, stakeholders and local people have confidence in the organisation, including the standards of conduct of its board members and officers, and its governance arrangements.				L.Fisher	
2.5.12	The organisation can demonstrate that a strong ethical and counter fraud culture is embedded and that board members and staff recognise their responsibilities to protect the organisation and its resources. They have high levels of awareness of, and confidence in, the whistle blowing arrangements.				L.Fisher	
2.5.13	The organisation can evidence that it is creating a strong deterrent effect, including publicising: successful cases of proven fraud/corruption the likelihood of proportionate sanctions being applied should fraud or corruption be detected and losses recovered; the extension of NFI to new areas with fair processing notification on forms				SAT & Capita SAT & Capita PS & LCC Audit	
2.5.14	The organisation can demonstrate a track record of achievement against the outcomes specified in its counter fraud and corruption strategy.				PS & LCC Audit	
2.5.15	The organisation's counter fraud and corruption arrangements take into account relevant requirements and professional guidance relating to money laundering and terrorist financing.				PS & L.Fisher	
2.5.16	The organisation assesses its counter fraud arrangements and performance against professional guidance, best practice and the findings of its own reviews. It strengthens its systems and procedures in response.				PS & LCC Audit	

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3 Managing other resources		Similarities to 2007-08 KLOE	Results on 2007-08 KLOE	Initial 2008-09 assessment	Responsibility	Actions Required / Planned
Sources of evidence Sustainable development objectives; planning and monitoring information on environmental impact; asset management strategies and plans; performance information; workforce strategies; HR policies and procedures; training programmes; benchmarking information; IT strategy.						
3.1 The organisation is making effective use of natural resources.						
Level 2 – performing adequately						
3.1.1	The organisation is developing a strategic approach to reducing the organisation's impact on the environment, for example: its use of energy, fuel, water and raw materials; reducing the waste it produces, and reusing and recycling resources; reducing its green house gas emissions; and increasing biodiversity.				M Forster Ref Coll'n P.Mepham P.Mepham M.Riley & P.Mepham P.Mepham	
3.1.2	The organisation shows evidence of working with others across its area in developing its strategy.					
3.1.3	The organisation is identifying the significant environmental risks it faces, such as potential future changes in climate, and developing plans with key partners to mitigate and manage them.					
Level 3 – performing well						
3.1.4	The organisation is implementing its plans to deliver its strategic approach. It is embedding arrangements to reduce its environmental impact and working effectively with partners in developing, implementing and monitoring plans.				P.Mepham	
3.1.5	The organisation has reliable information which it uses to monitor its performance and manage progress in achieving its objectives for reducing its impact on the environment.				P.Mepham	
3.1.6	Early evidence demonstrates that the organisation is on course to reach the outcomes it has set itself, for example: reductions in the use of energy, fuel, water and raw materials; reduced its waste and increased recycling and reuse; reducing green house gas emissions; and increased biodiversity.					This would involve baseline evidence and analysis of progress along the strategic path
3.1.7	The organisation considers the environmental impact of its suppliers of goods and services within its commissioning and procurement decisions and is working with them to achieve improvements.				M Forster Ref Coll'n P.Mepham P.Mepham G.Hampson	

Use of Resources 2008-09 Action Plan

3 Managing other resources		Similarities to 2007-08 KLOE	Results on 2007-08 KLOE	Initial 2008-09 assessment	Responsibility	Actions Required / Planned
Sources of evidence Sustainable development objectives; planning and monitoring information on environmental impact; asset management strategies and plans; performance information; workforce strategies; HR policies and procedures; training programmes; benchmarking information; IT strategy.						
3.2 The organisation manages its assets effectively and sustainably to help deliver its strategic priorities and service needs.						
Level 2 – performing adequately						
3.2.1	Strategies and plans for assets show how assets will be developed to meet priorities, operational and service needs and outcomes for local communities.				M Forster	
3.2.2	Financial plans support the delivery of asset strategies, either through investment, disposals, transfers, and rationalisation or by more efficient asset use.				M.Forster	
3.2.3	There is managed reduction of high levels of backlog maintenance.				M.Forster	
3.2.4	Capital investment is targeted to achieve best value and maximum effect on priorities, needs and outcomes for local communities.				M.Forster & PS	
3.2.5	Policies, decision-making structures and roles underpin the management of assets as a corporate resource.				PS	
3.2.6	The organisation has comprehensive information on assets which supports its strategies, and decision-making on investment and disinvestment.				PS & M.Forster	Fuller use of IPF system in decisions relies on greater population of data and regular updates.
3.2.7	The performance of assets is managed, benchmarked and monitored against targets for improvement.				M.Forster	Fuller use of IPF system in decisions relies on greater population of data and regular updates.
Level 3 – performing well						
3.2.8	The organisation challenges whether all its assets are required, fit for purpose and provide value for money to meet current and future needs. Under-performing or surplus assets are rationalised or disposed of.				PS	
3.2.9	The organisation is improving the performance of its assets to provide buildings that: are fit for purpose; deliver better access and outcomes for the community; improve value for money; and mitigate adverse impacts on the environment and prepare for climate change.				M.Forster M.Forster M.Forster M.Forster	
3.2.10	The organisation evaluates the best option for significant investment decisions in property developments using option appraisal and whole life costing techniques.				PS & M.Forster	
3.2.11	The organisation is developing a strategic approach to working with others, for example, the third sector, local public agencies and community groups, to identify opportunities for shared use of assets, and alternative options for the management and ownership of its assets, to derive wider community benefits.				M.Riley	

Use of Resources 2008-09 Action Plan

3 Managing other resources		Similarities to 2007-08 KLOE	Results on 2007-08 KLOE	Initial 2008-09 assessment	Responsibility	Actions Required / Planned
Sources of evidence Sustainable development objectives; planning and monitoring information on environmental impact; asset management strategies and plans; performance information; workforce strategies; HR policies and procedures; training programmes; benchmarking information; IT strategy.						
3.3 The organisation is forward looking at it plans, organises and develops its workforce and information technology to support the achievement of its strategic priorities.						
Level 2 – performing adequately						
3.3.1	Workforce strategies reflect strategic priorities and objectives and support the delivery of services. They address current and future workforce needs in terms of people and skills and are informed by information on workforce size and systematic collection of the views of staff.				L Murphy	
3.3.2	HR policies have been established to support good people management including diversity practices and to ensure compliance with equalities and disability legislation. Levels of staff accidents, stress and absence are monitored and minimised.				L Murphy	
3.3.3	Shared action on joint workforce issues is aiding joint working between partners.				L Murphy	Work with Lancs P'ship; potential of working with Hyndburn on Land Charges?
3.3.4	Staff costs for high spending areas are benchmarked against other organisations to identify potential areas for efficiency savings.				DH/NN	Work with LCFO's to benchmark some services?
3.3.5	The IT strategy is aligned with organisational strategic objectives and priorities. IT is used as an enabler of business change and to achieve efficiencies, improve value for money and access to services for users.				A.Buckle	
3.3.6	IT systems are managed to provide reliable information with controlled and secure access, to support decision making.				A.Buckle	
Level 3 – performing well						
3.3.7	Plans for the organisation's workforce are well developed and integrated with service planning in most areas, resulting in few recruitment and capacity problems and minimising the use of agency staff.				L.Murphy	
3.3.8	Training programmes are responsive to identified gaps in skills and resourced to meet these and to develop staff.				L.Murphy	
3.3.9	A strong improvement culture is evidenced by managers and staff identifying and implementing efficiencies and innovations.				L.Murphy	
3.3.10	Major organisational change is supported by the leadership. It is well managed, achieves good workforce involvement and is effectively supported by IT services.				A Buckle	
3.3.11	Staff costs and productivity are benchmarked against other organisations to identify potential areas for savings.				DH/NN	
3.3.12	IT forms an integral part of strategic planning. The organisation uses IT to drive and enable business process re-design to improve both its own efficiency and increase the flexibility of service delivery models, including working with partners.				A Buckle	