

Annual Audit Letter

Rossendale Borough Council

Audit 2008/09

December 2009



Contents

Key messages	3
Financial statements and annual governance statement	6
Value for money and use of resources	7
Closing remarks	11
Appendix 1 – Use of resources key findings and conclusions	12

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.
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Key messages

This report summarises the findings from our 2008/09 audit. It includes messages arising from the audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

Audit opinion

- 1 I issued an unqualified audit opinion on 30 September 2009.
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Financial statements

- 2 The financial statements were produced ahead of the 30 June 2009 deadline and approved by the Audit and Accounts Committee. The statements and supporting working papers produced were of a high standard and we received good co-operation from officers during the course of our audit. The financial statements submitted for audit were free from any material errors. The accounts were adjusted in respect of a post balance sheet event - in July 2009 the Council received a partial settlement of a claim for repayment of VAT overpaid in respect of leisure activities of £826,000. We identified a small number of issues in the course of our audit and these are set out in the Annual Governance Report presented to the Audit and Accounts Committee on 30 September 2009.
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Use of resources

- 3 I have completed my Use of Resources assessment at the Council. This is the first year of the Audit Commission's new methodology for assessment of the use of resources which seeks to evaluate how well the Council is managing and using its resources to deliver value for money and better sustainable outcomes for local people. The Council achieved an overall score of 3 which means the Council is exceeding minimum requirements and is performing well. Further detail is set out in the report below and in Appendix 1.
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Value for money

- 4 I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. From 2008/09, the Audit Commission will specify each year, which of the use of resources KLOE are the relevant criteria for the VFM conclusion at each type of audited body.
 - 5 I issued an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources.
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Comprehensive Area Assessment and organisational assessment

- 6 The Audit Commission introduced a new assessment regime during 2009, Comprehensive Area Assessment. This aims to review the performance of local partners in delivering better outcomes for local people. The assessment is designed to focus attention on areas that need attention in order to deliver additional and sustained improvement. Our work in this area is being led by the local Comprehensive Area Assessment Lead (CAAL). The CAAL has shared draft findings with officers and he is due to formally report on 9 December 2009. Alongside the CAA report we will issue our organisational assessment which combines our judgements on your use of resources and managing performance. Any issues arising will be discussed with you and planned into future years audit and assessment activity.

International Financial Reporting Standards

- 7 As part of my 2008/09 audit I have completed an Audit Commission survey on the Authority's progress in preparing for the implementation of IFRS. The survey indicated that the Authority is making good progress in putting into place arrangements for the implementation of International Financial Reporting Standards. Officers need to ensure they continue to monitor progress and ensure all required arrangements are in place.

Audit fees

- 8 I set out in my audit plan my proposed audit fee of £107,000. I am able to confirm that the audit has been completed in accordance with the plan. Table 1 below sets out more detail.

Table 1 **Audit fees**

	Actual £	Proposed £	Variance £
Financial statements and annual governance statement	64,400	64,400	0
Use of resources	42,600	42,600	0
Total audit fees	107,000	107,000	0
Inspection	6,000	6,000	0
Certification of claims	tbc	25,000 Est	tbc

Independence

- 9 I can confirm that the audit has been carried out in accordance with the Audit Commission's policies on integrity, objectivity and independence.

Economic outlook

- 10 The economic downturn and banking crisis is having a significant impact on public finances and the bodies that manage them. The impact on treasury management strategies has been immediate, but there are wider and more fundamental impacts on the ability of public sector bodies to fund service delivery and capital programmes, including pressures on income streams. There are further challenges for policy priorities where patterns of demand for services are changing.
- 11 This impacts on the audit and as part of my responsibility, I have reflected on the wider environment, specific issues and risks and the Authority's response. The Authority has sound financial planning arrangements in place and needs to continue to proactively manage its finances and other resources to address emerging financial risks.
- 12 I have also reviewed the Authority's treasury management arrangements. I am satisfied that the Authority has adequate treasury management arrangements in place.

Financial statements and annual governance statement

The Council's financial statements and annual governance statement are an important means by which the Council's accounts for its stewardship of public funds.

Significant issues arising from the audit

- 13 I issued an unqualified audit opinion on the financial statements on 30 September 2009. The financial statements submitted for audit were free from any material errors.
- 14 The Annual Governance Report was presented to the Audit and Accounts Committee on 30 September 2009. I reported a number of adjustments made to the financial statements. The main adjustment which impacted on a number of statements was an adjusting post balance sheet event which occurred in July 2009. The Council received a partial settlement of a claim for repayment of VAT overpaid in respect of leisure activities of £826,000. The Income and expenditure account was adjusted and there were a number of other consequential amendments which were reported by the Finance manager.

Material weaknesses in internal control

- 15 I did not identify any significant weaknesses in your internal control arrangements.

Accounting Practice and financial reporting

- 16 I considered the qualitative aspects of your financial reporting and reported two minor issues in the Annual Governance Report.
 - The statement of accounts presented for audit included a number of photographs with narrative descriptions underneath. The narrative descriptions were removed at my request to enable me to issue a standard audit opinion.
 - The Council failed to achieve the full recovery of the cost of providing building control services for the three-year period ending 31 March 2009 following a £49,000 deficit in 2008/09.

Value for money and use of resources

I considered how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people, and gave a scored use of resources judgement.

I also assessed whether the Council put in place adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

Use of resources judgements

- 17 In forming my scored use of resources judgements, I have used the methodology set out in the [use of resources framework](#). Judgements have been made for each key line of enquiry (KLOE) using the Audit Commission's current four point scale from 1 to 4, with 4 being the highest. Level 1 represents a failure to meet the minimum requirements at level 2.
- 18 I have also taken into account, where appropriate, findings from previous use of resources assessments (updating these for any changes or improvements) and any other relevant audit work.
- 19 The Council's use of resources theme scores are shown in Table 2 below. The key findings and conclusions for the three themes, and the underlying KLOE, are summarised in Appendix 1. (This is the same appendix as that in our separate Use of Resources report).

Table 2 Use of resources theme scores

Use of resources theme	Scored judgement
Managing finances	3
Governing the business	2
Managing resources	3

- 20 The basis of the assessment has changed in 2009 and defines use of resources in a broader way than previously, embracing the use of natural, physical and human resources. It also places new emphasis on commissioning services for local people and achieving value for money.

- 21 The Council received an overall score of 3 for its use of resources which means the Council is exceeding minimum requirements and is performing well. I have made a small number of recommendations which are set out in my separate Use of Resources report.

Managing finances

- 22 The Council integrates its financial and corporate planning processes. The Medium Term Financial Strategy (MFTS) links to the three-year Corporate Plan and is underpinned by robust budget setting and monitoring process. Over recent years RBC has prioritised maintaining and strengthening service quality. The council is now committed to developing and applying more rigorous controls to its costs across its activities. However whilst some good examples exist in line with some of its priorities, positive outcomes are not yet visible across all service areas.
- 23 The authority has a clear picture of its more significant costs and the factors that drive these. More usable management information on budgets has now bedded in. The impact of many of these savings is that the authority has been able to freeze the majority of existing budgets for the past three years, thus keeping Council Tax rises below 3 per cent and reinvesting into the Council's priority areas. The Council acknowledges that more work is required to obtain better information on baselines to provide a broader understanding and attention is now to be focused on minimising costs alongside further service improvements. To date this has not been developed as other work, such as corporate initiatives, has been given priority. The decision to transfer housing stock resulted in significant improvements and investment of approximately £40m in people's homes.
- 24 However the reporting of costs relative to risk and performance on wider issues across the council's activities remains inconsistent and benchmarking remains as yet inconsistently applied and under-developed – a fact recognised by the authority as an area for improvement in 2009/10. Rossendale continues to improve its systems which underpin its financial reporting. During in 2008/09 it introduced quicker monthly reporting to budget holders and revamped the format of those reports and further improvements have been identified for 2009/10.

Governing the business

- 25 The Council's leadership has a vision of what it wants to achieve for local communities, founded on a robust assessment of local needs. RBC's approach is to commission services in line with customers' needs, but it is not yet clear that this strategic approach to commissioning is embedded across all council activities. The Council works with neighbouring authorities to commission services.

Value for money and use of resources

- 26 There are some good examples of the council improving service quality and VFM. There are examples of the Council evaluating alternative delivery options but a systematic service review process is under development. It has successfully improved access to its environmental health services for disabled people. The council has improved the effectiveness of its IT to enhance its procurement function and to realise VFM benefits. Around 90 per cent of its orders and invoice payments are now handled electronically. It promotes opportunities for 'Doing business with the Council' to local businesses. The procurement strategy is being updated and the council is working hard to embed compliance with its standards and processes across all services.
- 27 RBC won the Standards and Ethics category at the LGC Awards 2009. The LGC panel praised Rossendale's standards training programme for members and the demonstrable commitment, filtered down from the highest level, to promoting and maintaining the standards framework. Our review confirmed that adequate arrangements are in place in respect of RBC managing its own risks but further work is needed in relation to risk management in partnerships.

Managing resources

- 28 The council is performing well in profiling, planning, organising and developing its workforce in line with achieving its strategic priorities. It has effective workforce plans in place, As a result RBC has avoided under-capacity in skills shortage. The authority is proactively managing its workforce to adapt to changing needs in service areas. The council is a good employer which maximises its capacity. There is a balanced, approach to absence management Sickness absence is well managed and performance remains in the best quartile at 8.6 days for 2008/09. E-recruitment is employed to manage all vacancies. Benchmarking of staff costs, absence levels and good practice resulted in savings
- 29 The authority routinely involves staff at all levels and partners in consultation on the implications of changes to service delivery. In 2007 the Council won The Times Best Council to Work For Award for Training and Development. The authority's community impact assessments are used to evaluate the effects and implications its actions have on communities. The council has plans in place to obtain 'Achieving' status versus the new Equalities for Local Government standard. RBC has a comprehensive understanding of how its policies and services affect all local people.

Looking ahead

- 30 For 2009/10, the key lines of enquiry specified for the use of resources assessment are set out in the Audit Commission's work programme and scales of fees 2009/10. An additional KLOE, 3.1 - natural resources will apply to district councils for 2009/10 and we will work with officers to review the Council's arrangements for managing natural resources and monitor progress throughout the year.

VFM conclusion

- 31** I assessed your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. From 2008/09, the Audit Commission will specify each year, which of the use of resources KLOE are the relevant criteria for the VFM conclusion at each type of audited body. My conclusions on each of the areas are set out in Appendix 1.
- 32** I issued an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources.

Closing remarks

- 33 I have discussed and agreed this letter with the Chief Executive and the Head of Finance. I will present this letter at the Audit and Accounts Committee in early 2010 and will provide copies to all committee members.
- 34 Further detailed findings, conclusions and recommendations in the areas covered by our audit are included in the reports issued to the Council during the year.

Table 3

Report	Date issued
Annual Governance Report	September 2009
Use of Resources report	December 2009

-
- 35 The Council has taken a positive and constructive approach to our audit. I wish to thank the Council staff for their support and co-operation during the audit.

Clive Portman
District Auditor
December 2009

Appendix 1 – Use of resources key findings and conclusions

The following tables summarise the key findings and conclusions for each of the three use of resources themes.

Managing finances

Theme 1 score	3
KLOE 1.1 (financial planning) score	3
Key findings and conclusions	
<p>The Council integrates its financial and corporate planning processes. The Medium Term Financial Strategy (MTFS) links to the three-year Corporate Plan and is underpinned by robust budget setting and monitoring process.</p> <p>There is a comprehensive budget setting process in place. RBC consistently sets and achieves comprehensive balanced and realistic budgets underpinned by achievable savings which reflect the assumptions contained within the MTFS.</p> <p>Better training and engagement of budget holders brought forward the completion of budget and the savings plans. This extra time enabled options for resolving funding problems (eg Leisure Trust) to be considered and consulted on.</p> <p>Savings identified through ‘fit for purpose’ reviews have facilitated extra investment in priority areas which have increased customer satisfaction (eg percentage of residents satisfied with the area has increased from 64 per cent to 71 per cent).</p> <p>RBC achieved national top quartile savings of £727k and has identified a further £1m of cash savings in the 2009/10 budget.</p> <p>Council Tax increases have been kept below 3 per cent for the last three years.</p> <p>RBC’s annual budget consultation process ensures that its priorities, planning process and external challenges are widely communicated to the community.</p>	

Appendix 1 – Use of resources key findings and conclusions

Theme 1 score	3
<p>The Council actively involves its key partners in the shaping its priorities and setting its budgets through the LSP and through its Area Forums. RBC consults with local people and communities effectively on significant spending decisions.</p> <p>In addition, RBC engaged with local citizens through a range of specific initiatives such as focus meetings, Councillors visiting local schools and a number of regeneration workshops.</p> <p>RBC assesses the impact of its policies and strategies on its diverse communities in compliance with the requirements of equalities legislation as part of its decision making process.</p> <p>The Council produced a framework for the future for Leisure services that was sustainable through extensive consultations with citizens and stakeholders.</p> <p>Early consultation on plans for the 'Pride in Rossendale' initiative culminated in a new focus on community and civic pride.</p> <p>RBC is helping individuals and businesses affected by the recession though actively facilitating its 'Rossendale against the Recession' initiative.</p> <p>RBC has a good track record for managing its spending within available resources. Comprehensive monthly financial statements are produced covering both revenue and capital performance accompanied with relevant forecasts, as well as treasury and reserve reporting and submitted to EMT and budget holders. The Members receive monthly update reports on the revenue budget and capital programme which include recommendations for corrective actions.</p> <p>The latest data shows that 74 per cent of national performance indicators have improved, which is significantly above the national average despite the recent budget cuts and service redesign.</p> <p>The minimum level for general reserves of £750k has been achieved within the planned timetable despite the other competing pressures for resources.</p> <p>Members and Officers exercise collective responsibility for financial matters. The Constitution clearly outlines delegated responsibilities for financial matters. Members are able to challenge financial performance and service delivery issues based on the quarterly integrated performance and financial management reports they received as evidenced by the comprehensive debate over the financial performance of the Leisure Trust and its future.</p> <p>In 2008/09 finance staff delivered a series of workshops entitled 'Finance Bites Back' to Members and officers which focused on budget setting and monitoring, the need to find efficiencies by challenging existing practices and better asset management.</p>	

Theme 1 score	3
KLOE 1.2 (understanding costs and achieving efficiencies) score	2
<p>During the council’s five-year period of organisational transformation, it has prioritised maintaining and strengthening service quality. The council is now committed to developing and applying more rigorous controls to its costs across its activities. However whilst some good examples exist in line with some of its priorities, positive outcomes are not yet visible across all service areas.</p> <p>The authority has a clear picture of its more significant costs and the factors that drive these. For instance, via a process of benchmarking some high spending services with CIPFA data, Rossendale found comparison to be unflattering but affirmative of its prior perceptions and continued to act decisively – eg refuse collection where CAD system has been used to make collections routes more efficient; ICT was brought back in house to make significant savings and revenues and benefits were outsourced to Capita. To help achieve this, the council incentivised service heads to find savings by offering back 50 per cent of any savings for their departments.</p> <p>More accurate and timely, usable management information on budgets has now bedded in with year to date budgets being reported to service heads, EMT and cabinet on a monthly basis. The impact of many of these savings is that the authority has been able to freeze all budgets for the past three years, thus keeping council tax rises below 3 per cent for each of these years.</p> <p>The authority has taken tighter control of two high risk areas in recent years and has recognised that staff costs are its biggest spend area and the finance team has developed new reports on establishment, vacancies, sickness absence and leavers. Treasury management is also reviewed monthly with EMT and cabinet. The Council acknowledges that more work is required to obtain better information on baselines to provide a broader understanding. To date this has not been developed as other work, such as corporate initiatives, has been given priority.</p> <p>The Council continues to have a number of key services which are high cost. Members receive quarterly budget and performance management reports, while managers receive monthly COVALENT reports which identify significant variances against KPIs and LPIs. These reporting routines have been enhanced with the introduction in 2007 of integrated reporting which pulls together elements of finance, performance and risk.</p> <p>The Council is seeking to take a contingent approach to managing its costs by creating a Budget Volatility Reserve to recognise and mitigate for the potential impact on Council tax of significant demand-driven budgets (eg concessionary travel and housing benefits). It analyses costs at a high level and is aware of certain disparities. Council decisions include an assessment of the social and community impact. For example, the decision to transfer housing stock resulted in significant improvements and investment of approximately £40m in people’s homes.</p>	

Appendix 1 – Use of resources key findings and conclusions

Theme 1 score	3
<p>Service quality and VFM gains have been secured in revenues and benefits where claim processing times reduced from 100 to 20 days and the council is achieving greater productivity at a lower unit cost in its ICT service since it was brought back in-house. However the reporting of costs relative to risk and performance on wider issues across the council's activities remains inconsistent and benchmarking remains as yet inconsistently applied and under-developed – a fact recognised by the authority having included this as an area for improvement in 2009/10 by its inclusion in the Chief Executive's directorate Business Plan.</p>	
KLOE 1.3 (financial reporting) score	3
Key findings and conclusions	
<p>Financial reporting on a timely, accurate and meaningful basis is embedded across the Council, supporting Managers, Directors and through to Cabinet. On a quarterly basis the integrated performance, finance and risk report is considered by Performance Overview and Scrutiny Committee. Officers maintain a regular dialogue with those partners who potentially pose financial, operational and reputational risk to the RBC. The Service Assurance Team monitors key partnerships (Leisure together with Revenues and Benefits) for contractual, operational and reputational matters. Financial matters in relation to the Leisure Trusts are dealt with by the Head of Finance via a monthly review of their management accounts and meeting with their board members.</p> <p>The financial information contained within the quarterly monitoring reports to Performance Overview and Scrutiny Committee is analysed both by corporate priorities and service departments. One objective of this reporting method is to correlate increased performance with resource investment in order to evidence value for money. Internal audit have scrutinised and reviewed the reporting processes and found them to be 'fit for purpose'.</p> <p>The Service Assurance Team monitor key partnerships (Leisure together with Revenues and Benefits) for contractual, operational and reputational matters – see Focal point: Financial monitoring and forecasting.</p> <p>The comprehensive monthly budget monitoring reports assist in earlier close down at year end, thus allowing time to comply with the statutory reporting requirements. The Statement of Accounts was approved at the Accounts and Audit Committee on 30 June 2009 following a comprehensive explanation by the Finance Manager. The Accounts were submitted for audit at the start of July 2009 and were supported by comprehensive working papers. A number of material amendments were made to the accounts presented for audit as a result of an adjusting post balance sheet event (the subsequent receipt of a previously reported contingent asset of £826K for a VAT refund which was received after 30 June 2009).</p>	

KLOE 1.3 (financial reporting) score	3
Key findings and conclusions	
<p>No material amendments to the accounts were made as a result of our audit. Along with a small number of non-trivial amendments a number of amendments were made to improve the qualitative aspects of the financial statements as set out in our Annual governance Report.</p> <p>The Council's website contains a comprehensive range of financial reports including the 2008/09 pre-audit Statement of Accounts and the 2007/08 Annual Audit and Inspection Letter. The Council's Statement of Accounts is also available in the One Stop Shop and local libraries. RBC plan, as in previous years, to include by a simple, jargon-free Summary of Accounts in the autumn edition of the Council's including audio, Braille, large print and alternative language. The availability of these is highlighted on the webs site and in 'straplines' contained in individual reports.</p> <p>Rossendale continues to improve its systems which underpin its financial reporting. During in 2008/09 it introduced quicker monthly reporting to budget holders and revamped the format of those reports but further improvements have been identified for 2009/10.</p>	

Appendix 1 – Use of resources key findings and conclusions

Table 4 Theme 2 - governing the business

Theme 2 score	2
KLOE 2.1 (commissioning and procurement) score	3
Key findings and conclusions	
<p>The Council’s leadership has a vision of what it wants to achieve for local communities, based on a robust assessment of local need, and it engages with all stakeholders. The Rossendale Profile and the County Council’s Joint Strategic Needs Assessment (JSNA) provide a strong evidence base for Rossendale’s Sustainable Community Strategy 2008–2018. The inequalities within the JSNA have informed the priorities targeted in the Rossendale Health and Well-Being Strategy and Action Plan which identifies outputs to narrow the gap.</p> <p>RBC commissions services in line with customers’ needs. For example, when outsourcing revenues, benefits and customer care services in 2006 the services were re-designed to better reflect customers’ access needs using agile and more flexible working hours for staff. Outcomes included £1m of cashable savings and reduced benefits claim times from 40 to 20 days. Council tax collection has increased from 96.3 to 97.7 per cent, thus releasing resources for front line services. Full business cases are now required for all major projects, but there is little evidence that this strategic approach to commissioning has yet embedded across all council activities.</p> <p>The Council works with local partners to commission services. Team Lancashire Programme’s Lancashire Hub builds on the procurement experiences of Rossendale and others in the East Lancashire E-Partnership for the benefit of the whole of the county. However many of the initiatives to date have been relatively small scale resulting in limited tangible outcomes.</p> <p>The council works with the third sector to enhance its capacity to deliver the services people want and need. Further work with partner authorities has resulted in RBC sustaining its access to fit for purpose skills and knowledge which might otherwise challenge small authorities – including a partnership with colleagues at Burnley to procure shared Health and Safety services, and internal audit services sourced via the County Council.</p>	

KLOE 2.1 (commissioning and procurement) score	3
Key findings and conclusions	
<p>There are some examples of the council improving service quality and VFM. It has successfully improved access to its environmental health service for disabled people. The Environmental Health Service is an example of how the authority embraces customer satisfaction surveys as a means to improve service design and delivery. The council has improved the effectiveness of its IT to enhance its procurement function and to realise VFM benefits. Around 90 per cent of its orders and invoice payments are now handled electronically.</p> <p>The council is working to influence and shape the supply market locally. Through the Lancashire Hub and RBC’s website it promotes opportunities for ‘Doing business with the Council’ to local businesses. The Council has developed contract and tendering procedures and staff training to strengthen relationships with suppliers. Orders over £6k are reviewed by the legal section to ensure compliance. The Council’s procurement processes ensure that supplier workforce matters are considered and meet the standards expected by the NWIEP (eg the agency procurement initiative in 2008/09). The NWIEP website carries these standards to which service managers and potential suppliers are directed during the tendering process. The procurement strategy is being updated and the council is working hard to embed compliance with its standards and processes across all services.</p> <p>The Council evaluates alternative delivery options for services. For instance, RBC recently market tested its insurance provision resulting in a 36 per cent reduction in cost without the expense of loss of policy cover or service. Some of these savings result from improved operational risk management and better inspection and repair routines, which have resulted in reduced levels of claims history. A comprehensive service review process, that clearly supports continuous improvement, remains under development.</p>	

Appendix 1 – Use of resources key findings and conclusions

KLOE 2.2 (data quality and use of information) score	2
Key findings and conclusions	
<p>The Audit Commission data quality (DQ) audit published in February 2009 found that the Council's arrangements for data quality were above minimum requirements and the council has responded well to our recommendations around data quality. A Performance Management and Data Quality Strategy and action plan were adopted in February 2007 and updated in 2009 providing a framework for governance, including standards for data quality and sets out roles and responsibilities of officers and members. These are held in job descriptions and used as the basis of performance appraisals. As a result more robust systems and processes are now in place which address historic data quality issues at service level – for example good quality data is now used in the council's evolving approach to benchmarking. Whilst performance has improved in some priority areas, there is less evidence that better quality data is leading to improved outcomes in all service areas though the council expects this evidence to become available during 2009/10.</p> <p>The Council's approach is properly scrutinised by members and officers who are clear about their roles and internal audit is involved in annual DQ audit checks. As a result data quality within services has improved. There is clear evidence that performance management is being driven from the corporate centre with these DQ standards in mind. For example, publication of performance reports on the internet now gives public access to quarterly and end of year reports.</p> <p>The Council has invested in the Covalent performance management system and is taking action to extend use of the system, including the introduction of performance data for key partnerships. Covalent is used effectively to present a wide range of data for different audiences in different styles thus ensuring fitness for purpose as well as maximising usability. The Covalent system provides an effective platform for collection, analysis and reporting of performance data against plans, including direct input of data by service areas which helps to reinforce ownership. Action is taken to develop the system controls to strengthen data quality arrangements, for example reviewing levels of access for users.</p> <p>The council works with partners (Lancashire Partnership Data Quality and Performance Group and Postini) to ensure data security and comply with statutory requirements by managing data on systems with controlled, secure access; employing up to date security policies and procedures and satisfying globally recognised standards such as ISO27001. The council holds a substantial amount of information about its population, spend and disadvantaged groups which it shares as appropriate with partners, to inform decisions - for instance the Marl Pits community impact assessment.</p>	

KLOE 2.2 (data quality and use of information) score	2
Key findings and conclusions	
<p>The Council uses performance data as part of its monitoring arrangements to focus attention on under-performing and/or over-spending service areas - officers accountable for under-performance can be required by scrutiny committees to provide explanations with remedial action plans. This focus helps to ensure the accuracy of reported data. PI spot checks suggest that arrangements are effective.</p>	
KLOE 2.3 (good governance) score	3
Key findings and conclusions	
<p>RBC's Constitution is up to date comprehensive and covers respective roles, scheme of delegation and reserve powers, including a formal schedule of those matters specifically reserved for collective decision of the Council. There are good working relationships between Members and Officers. RBC has invested heavily in members training in recent years. All members have up to date PDPs and all new members attended induction training. A comprehensive range of other training is provided to members aimed at developing their skills and addressing training needs identified through the PDP process.</p> <p>RBC won the Standards and Ethics category at the LGC Awards 2009. The LGC panel praised Rossendale's standards training programme for members and the demonstrable commitment, filtered down from the highest level, to promoting and maintaining the standards framework.</p> <p>Members were positive about the training provided and felt that it enabled them to carry out their duties better.</p> <p>RBC's culture is open and outward facing with a clear focus on the needs of local communities. The leadership maintains focus on delivering the organisation's strategic priorities and is not distracted by internal disputes.</p> <p>There are good working relationships between members and senior officers, particularly in the key roles of leader and chief executive. RBC identified that the existing Leisure provision was not sustainable and through extensive consultations, Members and Officers formulated a future framework for its Leisure services.</p>	

Appendix 1 – Use of resources key findings and conclusions

KLOE 2.3 (good governance) score	3
Key findings and conclusions	
<p>RBC has adopted codes of conduct for its members and staff. All RBC members and staff sign up to the Code of Conduct. The RBC has arrangements to receive and investigate allegations of breaches of proper Standards of Conduct. The Standards Committee is proactive and has a rigorous work programme which includes a continuous review of policies and procedures. RBC publishes a Standards bulletin periodically to assure local people and partners of the correct conduct of the council. Downloads explaining the role of the Standards Committee are available on the RBC web site. RBC has been running a ‘Serious about Standards’ initiative for a number of years. The main objective of this initiative is to raise ethical standards by putting in place policies and procedures to deliver a culture of high ethical standards within the council and amongst its partners.’</p> <p>RBC has constructive working relationships with its partners. Partnership agreements set out the legal status, accountabilities, decision making processes and roles and responsibilities of the partnership.</p> <p>RBC is engaged in a County-wide approach to Community Cohesion via the Lancashire Community Cohesion Partnership (LCCP) which has ensured that community cohesion is mainstreamed into strategies and plans. LCCP recently won Beacon Status under the theme of Cohesive and Resilient Communities.</p>	
KLOE 2.4 (risk management and internal control) score	2
Key findings and conclusions	
<p>RBC has embedded risk management throughout the organisation over the last few years. The investment in both IT performance systems (Covalent) alongside investments in staff development programmes has changed the culture within the RBC to one that is built on the management of Performance, Finance and Risk.</p> <p>Risks, in particular business and operational risks, are identified from the bottom up within Service Business Plans. An element of the annual business planning process and the annual update to the MFTS is to identify strategic risks.</p> <p>The risk register is reviewed monthly. The Strategic risk is only formally reviewed annually but is reported to be monitored by EMT on an ongoing basis.</p>	

KLOE 2.4 (risk management and internal control) score	2
Key findings and conclusions	
<p>RBC has recently introduced a partnership register but recognises that further work is required to embed risk management into partnership working. A recent internal report noted “At present, RBC has very limited controls and procedures in place to managing partnerships. There is no standard protocol to ensure staff and elected members are aware about Councils procedures”</p> <p>RBC has an Anti-Fraud and Corruption Strategy and an Anti-Money Laundering Policy in place. As part of the strategy fraud awareness training is given to all new employees and all customer contact staff and assessors on an annual basis.</p> <p>The Council has effective working arrangements and shares intelligence with relevant partner organisations, for example, the police, Department for Work and Pensions (DWP) and the Housing Benefit Matching Service (HBMS). RBC’s Benefits function is outsourced with Capita. The Service Assurance Team monitors the work of the Benefit Investigations Unit which is provided by Capita to ensure that investigations are conducted in accordance with the Council’s guidelines. The RBC has set a range of targets for fraud identification and investigations which are monitored by the RBC’s corporate performance management system, Covalent.</p> <p>The Council recognises that attempted fraud through the internet and e-mail is a large risk to Council resources. Attempted attacks are prevented by effective controls at this gateway. The Council has made major investments in this area in the Firewall, spam blocking, and virus/mailware protection.</p> <p>RBC continues to have adequate arrangements in place to maintain a sound system of internal control. RBCs internal audit function, currently supplied by Lancashire County which operates in accordance with the CIPFA code of Professional Standards. There is a comprehensive range of documentation in place which includes standing orders, standing financial instructions and a scheme of delegation and these are reviewed and updated as appropriate.</p> <p>RBC is aware of the statutory and regulatory framework that it operates within and monitors this for changes to ensure compliance at all times. The terms of reference for the Audit Committee, as detailed in the constitution, show it to be delivering the core functions recommended by CIPFA. The Audit Committee receives annual training regarding its responsibilities and issues, especially around risk management.</p> <p>Our review confirmed that adequate arrangements are in place but further needs to be done around risk management in partnerships.</p>	

Appendix 1 – Use of resources key findings and conclusions

Table 5 Theme 3 - managing resources

Theme score	3
KLOE 3.1 (use of natural resources)	Not applicable to District Councils in 2008/09.
KLOE 3.2 (strategic asset management)	Not applicable to District Councils in 2008/09.
KLOE 3.3 (workforce planning)	3
Key findings and conclusions	
<p>The council is performing well in profiling, planning, organising and developing its workforce in line with achieving its strategic priorities. RBC has an Organisational Development Plan supported by its Pay & Workforce Strategy and Workforce Development Plan 2009/11. These provide detailed assessment of the council's priorities, profiles the composition of the local population and its own workforce, identifies the drivers for change and skills gaps, assesses the risks around recruitment and retention difficulties and analyses individual service areas before presenting action plans to mitigate these risks. As a result RBC has avoided under-capacity in shortage areas like planning and legal services; capacity building via greater clarity of focus and team working within its move to a neighbourhood management approach and a greater degree of consultation and engagement with communities in key decisions.</p> <p>Sickness absence is now better managed and performance remains in the best quartile at 8.6 days for 2008/09 versus 8.7 days for 2007/08. An analysis of age and qualification levels in finance and HR led to an investment in professional training which helped the council manage retention issues.</p>	

KLOE 3.3 (workforce planning)	3
Key findings and conclusions	
<p>E-recruitment is employed to manage all vacancies thus enabling the maintenance of capacity by using pool of graduates. Benchmarking of staff costs, absence levels and good practice resulted in savings via working with Rochdale in Pest Control and Burnley in H&S. Age profiling of staff in the parks department led to the recruitment of 2 apprenticeships to help manage capacity in light of imminent staff retirements.</p> <p>The authority is proactively managing its workforce to adapt to changing needs in service areas. Its bespoke Capacity Building Model of workforce planning is used to mould its establishment to changing priorities and service delivery methods. In transforming into a commissioner of services the council has built its partners' and contractors' capacity to bring efficiency and improved service quality including the Capita contract; the local leisure trust; Greenvale Homes and, with the PCT, the health hub.</p> <p>The authority routinely involves staff at all levels and partners in consultation on the organisational implications of changes to service delivery via its Employee Engagement Policy. In 2007 the Council won The Times Best Council to Work For Award for Training and Development. A range of internal communications is used to advise, consult, inform and engage with staff and members.</p> <p>The council has improved access to services via mobile working which provides a flexible, responsive workforce. Officers visit customers and access corporate information in the customer's home and additional benefits include reduced CO2 emissions and accommodation costs.</p> <p>The council is a good employer which maximises its capacity. It completed a Pay and Grading review, ensuring an equality-proofed grading structure with comparable salaries and mitigated recruitment and retention issues. A management development programme began in 2008/09 and all supervisors and line managers are involved in 360 appraisal linked to RBC's core values. A Health and Well-Being handbook was produced for staff with information about staying fit and healthy, including smoking cessation and blood pressure checks. There is a balanced, robust approach to absence management, with quarterly reporting to O&S Committee and monthly reports to Executive Management Team.</p> <p>The authority's community impact assessments are used to evaluate the effects and implications its actions have on communities. The council has plans in place to obtain 'Achieving' status versus the new Equalities For Local Government standard. Service users and staff from the range of population groups express satisfaction with the council's services and RBC has a comprehensive understanding of how its policies and services affect all local people.</p>	

The Audit Commission

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