Use of Resources Report

City of York Council

Audit 2008/09

Date

DRAFT

Contents

Status of our reports

Summary

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

1   The Audit Commission has assessed the Council's arrangements overall at level 2 (performing adequately).

2   There are elements of strong performance across a number of the use of resources Key Lines of Enquiry (KLOE), in particular the Council's provision of value for money services, its risk management arrangements and elements of its commissioning of services.

3   The Council has embarked on a challenging programme to deliver £15m efficiency savings over a three year period. The successful delivery of this programme should have a positive impact on the Council's future use of resources.

4   Our detailed findings against each of the themes and KLOEs are set out from page 6.

Introduction

5 This report sets out my conclusions on how well City of York Council (the Council) is managing and using its resources to deliver value for money and better and sustainable outcomes for local people and give scored use of resources theme judgements.

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

Use of resources framework

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

- sound and strategic financial management;
- strategic commissioning and good governance; and
- the management of natural resources, assets and people.

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

9 The Commission specifies in its annual work programme and fees document, which KLOE are assessed each year.

10 Judgements have been made for each KLOE using the Commission's current four point scale from 1 to 4, with 4 being the highest, please see table one. Level 1 represents a failure to meet the minimum requirements at level 2.

Introduction

Table 1   Levels of performance

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

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

Use of resources judgements

Scored judgements

11 The Council's use of resources theme scores are shown in table 2. In setting the context for the Council's scores this year it is important to highlight two important factors:

- The focus of use of resources is now more on outputs and outcomes rather than processes, and is more strategic than detailed. As a result the standard required to demonstrate level three performance has been raised, and focuses on the outputs and outcomes that demonstrate effective arrangements which have the intended impact.

- The Council is progressing a number of improvements and initiatives which are designed to deliver improvements in a number of areas in future years.

Table 2   Use of resources theme scores

Use of resources theme	Scored judgement
Managing finances How effectively does the organisation manage its finances to deliver value for money?	Level 2
Governing the business How well does the organisation govern itself and commission services that provide value for money and deliver better outcomes for local people?	Level 2
Managing resources How well does the organisation manage its natural resources, physical assets and people to meet current and future needs and deliver value for money?	Level 2

Managing finances

Table 3   Managing finances - KLOE scores

KLOE	Score	Overall theme score
1.1 Financial planning	2	
1.2 Understanding costs and performance	3	Level 2
1.3 Reporting financial performance	2	

Financial planning

12 I have assessed the Council's financial planning arrangements at level 2, because they meet the minimum standards expected. There are elements of stronger performance within the planning approaches, but further improvement is needed to allow me to assess financial planning as 'performing well'.

13 Financial and corporate planning processes are partially integrated. Savings proposals are considered in terms of their impact on priorities, and reports to Council include an analysis of resource utilisation compared with priorities. The focus of financial planning has largely been on making savings, albeit ones that don't jeopardise the achievement of service priorities, rather than focusing on the expenditure needed to fully fund the service priority improvements. The priorities for funding have been subject to significant debate in previous years, and the redirection of funding to the Easy@york project has contributed to efficiency savings. mailto:The Council's new efficiency programme should enable it to fully integrate and deliver service improvements and efficiencies across all services.

14 Clearer links need to be made to the risks of not achieving corporate and service priorities in relation to the medium term financial strategy (MTFS), although upcoming developments are actively considered and contingencies built in. Income charging is integral to the annual savings identification process, but closer and more explicit links need to be made to the processes for capital, IT and human resources planning that are run in parallel to the medium term and annual financial planning processes.

15 A comprehensive, balanced and realistic budget is set, supported by challenging but realistic savings plans scrutinised by Members. The Council has recently moved to make savings more corporate than directorate focused by appointing an efficiency partner that has helped to identify required levels of savings over the medium term, and therefore had a direct input to the budget planning process from 2009/10. The £15m savings required over the next 3 years are a direct result of the Council's awareness of its resource shortfalls over the medium term, and the need to maintain a sound financial standing.

16 The medium term financial strategy itself is regularly updated and reflects the Council's key strategic priorities, and the efficiency review now implemented is intended to challenge resource use and explore alternative ways to deliver priorities.

17 The Council has been assessing its policies and strategies in line with the equalities legislation since 2007/08 by undertaking equalities impact assessments. In terms of financial planning, the Council has developed an Engagement Strategy and an engagement calendar that includes local improvement scheme budget consultation in September and postal and on line surveys as well as workshops with stakeholders as part of its wider budget consultation in December. In 2008/09 the surveys were responded to by 8% of residents, and the consultation led to specific budget decisions being made such as the increase in the cost of non resident parking permits, previously thought to be unpopular.

18 The Council has reviewed its Treasury Management strategy in light of the collapse of the Icelandic banks, and has taken into account CIPFA guidance. The Council did have investments in Icelandic banks but had ended these investments prior to the credit ratings being downgraded. Consequently it was not exposed when the banks collapsed.

19 The Council has a well understood financial governance structure with clear lines of reporting and development of the financial plans from directorate through to full Council. Individual responsibilities are clearly set out in the Constitution, and the Financial Regulations and Scheme of Delegation provide the framework around these responsibilities. Some targeted training has been provided to officers and members, and lengthy debates have been held by Council in relation to the budget proposals in recent years, although these would benefit from more constructive scrutiny and challenge.

Understanding costs and performance and achieving efficiencies

20 The Council has a clear understanding of its costs, and the key drivers and pressures, both internally and externally. A strong focus on cost and performance has enabled the Council to deliver good quality services at the lowest spend per head and the third lowest Band D Council Tax rate of unitary councils nationally.

21 The Council makes use of numerous benchmarking opportunities which it uses to identify areas of potential inefficiency. Despite the strong focus on managing costs, improvements have been made in a range of priority services in recent years, and high performance in children's services sustained. A review of adult care services included actions to reduce cost, but also delivered service improvements and took account of the growing demand for services.

22 Successful action has also been taken to address corporate issues, such as reducing sickness absence costs across the Council. Whole life costing techniques are applied to major projects, such as the planned move to new office accommodation, which has also included an environmental assessment. Financial monitoring now reported to members with service performance management information but the links between these two areas need to be made more explicit to enable a more informed debate on how costs contribute to service delivery outcomes. This approach is being developed to cover partnership working.

Use of resources judgements

23 The Council is starting to make better use of the cost information at its disposal to inform decision making. This applies to routine operational decisions which have resulted in gradual improvements in the ratio of costs to outcomes in a number of areas. And it applies equally to major strategic decisions, such as those relating to the development of new office accommodation. This approach extends to partnership working where partners have made decisions on bids for allocation of the LAA delivery fund based on alignment with priorities and the scale of potential impact.

24 There are a number of examples of how the Council has worked in partnership to improve efficiency whilst at the same time considering wider social and environmental impacts, with an increasing emphasis on narrowing the equalities gap which exists in some parts of the city. The Council's Sustainable Procurement Strategy takes account of environmental and social issues as well as the financial impact and some positive outcomes have been achieved.

25 The tight financial constraints within which the Council operates requires the setting of challenging efficiency targets, and the Council has a track record of achieving them with efficiency targets for each of the three years to 2007/08 being exceeded and over £2m cash releasing savings measured by NI 179 being achieved in 2008/09. There is a clear focus on priorities, as evidenced by the easy@york programme. This programme is making innovative use of new technology and has incorporated a range of reviews over a number of years which has resulted in efficiency savings and improved access to services. The Council has worked with a private sector partner to develop an ambitious efficiency programme for the future which aims to make efficiency savings of £15m over the next three years through fundamental service redesign.

Reporting financial information

26 Overall the Council has adequate financial monitoring systems in place, although in 2008/09 monitoring has been more frequent and effective at the directorate level than at the corporate level. Improvements have been made since 2007/08, particularly with regards to the directorate level monitoring and the level of corporate scrutiny on the monitoring information. This has contributed to the 2008/09 outturn being in line with the budget and the projected position through the year.

27 The Council is developing a revised financial reporting framework, and had started to implement some of this before the end of 2008/09. Further improvements are being implemented in 2009/10 and we will assess the impact of these in next years' Use of Resources assessment. The continued improvements should help the Council cope with the anticipated pressures of faster accounts closure, the timetable adopted in 2008/09 and closure of the accounts meant that monitoring did not start until July 2008 in most directorates.

28 Members did not receive budget monitoring information until September 2008, and reports were concentrated in the period to January 2009 before a final report was presented in June 2009.

29 The financial reporting within directorates is primarily on a monthly basis, although only one directorate has a formal budget monitoring timetable and there are variations in approach. Above directorate level, monitoring is almost exclusively based on

projections to the year end, and although there is no set methodology for producing these projections, most are based on prior year or prevailing trends and known upcoming developments. All variances over £50,000 are reported above the directorate level (where more minor variances might be looked at for performance management purposes), making these more formal reports lengthy, and potentially promoting more focus on minor issues. Our work in previous years has shown that information provided is sufficient for action to be taken to mitigate any potential impact on service delivery where overspends are identified. Due to the way in which projections are used in financial monitoring it is difficult to identify a clear trail between internally reported results and those reported externally in the financial statements, although the statements do contain a comparison of budget to outturn at a summary level in the foreword.

30 Although financial and non financial information is reported together in a single report, and there are clear explanations in the reports to explain the two sets of data, the linkages between financial and non-financial data are currently not made in a clear and consistent way.

31 The financial statements submitted for audit in 2008/09 have been produced using a more structured and project managed approach than last year, and the accounts were submitted to members on time. The working paper trail has improved from last year.

32 The Council has made some progress in improving the accessibility of its publicly available documents, and has acknowledged that further work is needed to assess and meet the needs of the diverse local community. The Council's web site does contain information on different accessible versions of documents, including foreign language translation and recent improvements have been made to the ease of locating these.

Governing the business

Table 4   Governing the business - KLOE scores

KLOE	Score	Overall theme score
2.1 Commissioning and procurement	2	
2.2 Data quality	2	Level 2
2.3 Good governance	2	
2.4 Risk management and internal control	3	

Commissioning and procurement

33 The Council has developed a clear understanding of the needs of local communities through extensive consultation and engagement in the development of the Sustainable Community Strategy. This is also informed by further analysis relating to economic

development and the Joint Strategic Needs Assessment carried out in partnership with the Primary Care Trust (PCT). This is influencing the approach to commissioning services, particularly those most vulnerable, and takes account of future needs.

34   There are examples of how users have been engaged in commissioning services and how their views have had an influence, particularly in respect of young people, people with disabilities and older people. User engagement linked to the Supporting People Programme has resulted in the commissioning of a handypersons service and a new advice and information service for older people. Communities are involved in agreeing local priorities for improvement through a network of effective Ward Committees which have developed neighbourhood action plans. Community engagement has also had an impact on the design of corporate projects such as the new office accommodation project and the easy@york project to ensure services are designed in a way to maximise access.

35   The Council monitors service satisfaction and takes account of feedback from users and partners in identifying areas for improvement and prioritising services for review, and is making good use of technology to redesign services and improve efficiency. The easy@york programme has improved access to services and delivered £404,000 in cashable efficiency savings over the last three years through business process redesign and the use of technology.

36   The Council is continuing to develop its web site as a means of direct access to services and is seeking to deliver further service improvements and efficiencies through initiatives such as extending mobile working. There are some examples of externally procured services, such as managed network services, fleet management and elements of home care, and some shared services. The easy@york programme is being integrated with a major Efficiency Review programme which aims to deliver £15m savings over the next three years through a fundamental redesign of a number of key services. This is driving the Council towards a more mixed economy of service delivery.

37   The Council has a good understanding of local supply markets and is working with partners to develop them. It is supporting adult care providers in the move towards more personalised services and in developing the capacity to meet an increasing demand for services. In addition to general support and advice to suppliers on how to tender for Council business, the Council has provided specific support to local businesses linked to the economic downturn. This has helped to protect local jobs as well as minimising the risk to Council services due to the potential failure of local suppliers.

38   The Council procures over £14m of services each year from the voluntary sector and has recently reviewed commissioning to ensure a sustained focus on priorities and value for money. It is also working with the voluntary sector and others to plan for changes in demand for services, such as the anticipated increase in demand for elderly care services. The Council has well established processes for tender evaluation. Major tenders are evaluated using a CIPFA model which balances cost and quality, with evaluation criteria published in advance. The process includes a clear focus on environmental sustainability and the equalities agenda. The effectiveness of existing framework contracts is undermined by limited information on the extent of 'off-contract spend', although this is to be addressed through the introduction of new

financial systems. The Sustainable Procurement Strategy is delivering environmental and social benefits as well as financial savings, although the Council is unable to fully quantify the impact.

Data quality

39   There is a robust corporate framework to oversee data quality (DQ). The profile of DQ issues has been raised through the nomination of a Chief Officer as DQ champion and the inclusion of DQ as a key project within the Council's Improvement Plan. A policy has been adopted which sets out standards for accuracy, validity, timeliness and accessibility of data. It includes a matrix to allow a scored assessment of each indicator against the standards and identify actions to mitigate the risks of data being flawed. This assessment is in progress, starting with those priority indicators included in the Local Area Agreement (LAA), and is informing a risk-based approach to internal audit checks of DQ.

40   The policy provides guidance and toolkits to support improvements in data collection and is translated into action through a Council-wide Performance Officer Group (POG) which champions DQ within services and provides an ongoing challenge to the accuracy of data. The Audit & Governance Committee receives reports on the effectiveness of arrangements, including progress in responding to issues raised in last year's audit. The Council has a good track record of producing and using relevant and reliable data, and systems for validating data collected from partners are adequate, being done mainly through a shared area within the Council's intranet. Work is progressing to address weaknesses in some partnership data, as well as dealing with issues in respect of some of the new National Indicator set. Good quality information is provided to support decision makers. Reports include a combination of financial and operational performance information which is tailored to the needs of the audience. Their format has recently been reviewed to make them easier to understand.

41   In addition to regular monitoring reports, joint performance monitoring sessions involving Corporate Management Team and the Council's Executive consider in-depth reports and presentations on current performance issues. Information provided includes relevant comparisons with other organisations.

42   Reporting arrangements take account of elements of diversity and the Council is developing its information systems to enable greater geographical analysis of data. The Council has integrated within its performance management system the local and national indicators included in the LAA and provides regular performance reports to the Local Strategic Partnership (LSP).

43   The POG provides a mechanism for gathering feedback from decision makers to ensure reports remain relevant. Data management systems are effectively managed and controlled to minimise the risk of data loss or corruption. A disaster recovery plan is in place which is updated annually and regularly tested. Testing of the plan has not identified any problems which could impact on the reliability of data. An IT security policy is in place which covers key business areas, is compliant with national standards and is supported by appropriate practices and procedures, and the Council is working towards compliance with the Government Connect standard.

Use of resources judgements

44 The range of indicators used to manage performance has been reviewed to ensure alignment with the Local Area Agreement and the corporate priorities of the Council. Performance reports are structured around priorities for both the Council and the LSP and include summaries of performance at a strategic level. Information includes financial and efficiency measures as well as user satisfaction, quality of life indicators and elements of diversity. There are clear links between the performance management process and business planning and the Council has a track record of using performance information to target under-performance, improve value for money and identify actions to improve.

Data quality - audit spot checks

45 The Audit Commission requires that auditors carry out spot-checks of a sample of national, or local, indicators, to inform their Use of Resources score. In 2008/09 we have spot-checked two national indicators: NI 130 (Social care clients receiving self directed support) and NI 135 (Carers needs assessed and reviewed), and one local (LAA) indicator LAA 8.10 (GCSE results in deprived areas).

46 Our conclusions from checking these indicators are that the systems are sound, and there are no improvements that need to make to the systems of collection.

Good governance

47 The Council Constitution is comprehensive, clearly sets out the roles and responsibilities of Members and Officers. It follows the DETR model and is regularly reviewed so it remains up to date. There are predominantly good working relationships between members and officers. Improvements have been made in recent years, though there are still some tensions and further improvements can be made. The Council has responded positively to the outcomes from our ethical governance audit, and is considering how to measure and track progress against improvements.

48 The Council provides training to ensure that members are properly equipped and developed. A Member Development Committee has been established, so members can assess their own training needs and decide what training is required. Members have signed up to the IdeA Member Development Charter, and member development appraisals have been introduced, although only 17 members have currently signed up to a formal personal development plan.

49 There is still some work to do to ensure that all members and officers work together to achieve the Council's overall purpose and vision, and the level of this cooperation differs across the organisation. The Leader and Chief Executive have worked together to achieve corporate priorities in a structured way, and there are four joint monitor sessions held each year between CMT and Executive Members to review progress against key performance areas that support council priorities.

50 The Standards Committee operates in accordance with the requirements, publicises its role both internally and externally, and helps members follow their code of conduct. Consideration needs to be given to how high standards of behaviour are maintained when working in partnership with other organisations. The Council is actively trying to raise the profile of the Standards Committee, and has an independent co-opted member as chair. The Council hasn't fully assessed the training needs of members in relation to standards of conduct, but has provided some training in specific areas

during 2008/09. The Standards Committee and chair do not routinely meet with the Chief Executive, Leader or other party leaders to discuss ethical issues, although an initial meeting with the Chief Executive was held in June 2009.

51   The member complaints process is widely available via the Council's website, and although the outcomes of all investigations are published on the website, feedback is not currently sought from those involved in the complaint. Member and officer codes of conduct are in place and there is a formal member/ officer protocol within the constitution. Registers of interests and registers of gifts and hospitality are in place for members and senior officers, and reminders are sent annually to members on the requirements of the code of conduct.

52   The Council maintains a database of its partnerships, has set criteria for determining its significant partnerships, training is provided to officers, there is a 30 point checklist in corporate guidelines to help officers determine whether a partnership should be formed, and resources are available to support officers in setting up and monitoring partnership activity. All the main partnerships have action plans and performance indicators to measure whether they are achieving their aims, and significant partnerships complete an annual self assessment, with the results fed back to the LSP. The Council has a locality wide agreement with the third sector, i.e. voluntary and community organisations that is being linked into their efficiency agenda. The Council have put in place the Third Sector Compact, a national framework for working with voluntary and community organisations that they have adapted to their local circumstances.

Risk management and internal control

53   The Council has good risk management arrangements, risk is embedded within working practices, and continues to be more embedded within the day to day activities of the Council, being included in all major and minor project management, and linked to all policy, decision making and procurement processes. Risk is understood as an enabler for more successful project delivery, and as a way of seeking opportunity and improving efficiency. Risks are owned, managed and delivered within departments rather than by the risk management officer. The Admin Accom Project and the waste PFI have both used risk to help make project decisions and consider the potential barriers to successful project completion. In the current economic climate, the Council has actively sought to identify and manage the economic downturn risks, aligning the risks to the achievement of specific corporate priorities. Partnership risk is considered on a project basis and also in an annual questionnaire to key partnerships.

54   The Council provides risk management training to members and officers through the year, and the training was well received by Members who attended. Members are more involved in the risk management process, with updates being presented on key corporate risks to the Audit Committee for them to consider and comment upon as necessary. The final monitoring report of 2008/09 shows that the member review resulted in out of date risk actions being dealt with and the risks updated, and although some reference is made to corporate priorities in the report individual risks have not been explicitly linked to individual priorities.

55   The programme of counter fraud and corruption work is resourced, risk based and proportionate. There is an annual counter fraud activity plan agreed by the Audit

Committee. This includes budgets for both reactive and preventative work and time for staff training and general fraud awareness. The counter fraud and corruption policy was revised and approved in March 2008, prepared in accordance with CIPFA good practice principles, and it sets out the overall approach of the Council.

56 The Council has a strong counter fraud culture and reviews the success of its arrangements. Fraud awareness training was provided to certain groups of staff, the council publicises successful investigations, and continued to work closely with the DWP and other organisations. The fraud team work with key departments such as housing to raise awareness and identify potential frauds, and internal and external publicity of the fraud team and successful prosecutions is used frequently. Several high profile cases with successful prosecutions, either working with the police or bringing their own prosecution, have served to embed a strong counter fraud culture within the council and a public awareness that fraud is not tolerated.

57 The Council's Audit and Governance Committee has a balanced membership, is independent, receives and approves reports on the control framework, and training is provided to members of the Committee. The Committee is starting to actively challenge internal control arrangements, though there is little evidence of liaison with other committees to identify potential internal control issues. The Council has an effective internal audit service that completed over 90% of the 2008/09 audit plan, but there have been vacancies in 2008/09 that have impacted on delivery. In addition in 2008/09 the Council has delivered the project to establish a separate Internal Audit shared service provider, which commenced on 1 April 2009. We will assess the operation and impact of the new arrangements in next years' Use of Resources assessment. The Internal Audit plan provides sufficient assurance over financial controls. The Constitution underpins all the internal control arrangements in place, and there is a framework in place for assessing and completing the AGS. An Officer Governance Group meets regularly to discuss governance arrangements, and coordinates preparation of the AGS. The s151 and Monitoring Officer, as well as the Constitution, effectively provide control over the legality of expenditure and compliance with law and regulations. Emergency and business continuity plans are in place and are regularly reviewed and tested.

Managing resources

Table 5   Managing resources - KLOE scores

KLOE	Score	Overall theme score
3.1 Natural resources	2	Level 2
3.2 Asset management	2	

Natural resources

58 The Council has an understanding of the natural resources it consumes and has developed a strategic approach to reduce its environmental impact. It has developed an internally-focused Environmental Sustainability Strategy and has embarked on a Carbon Management Programme, although the Council cannot fully demonstrate its impact.

59 The Council calculated a baseline figure of its CO2 emissions based on 2006/07 information which it has used to set targets and measure progress. This estimated the Council's annual CO2 emissions as 57,800 tonnes, arising mainly from its housing stock (59 per cent), other buildings (28 per cent), transport (5 per cent) and street lighting (6 per cent). However, the Council has continued to verify the accuracy of the baseline data, and the original baseline included some estimates relating to buildings where accurate readings were not available.

60 The Council has set a target to reduce its carbon emissions by 25 per cent by 2013 excluding housing. It aims to reduce emissions from its housing stock by 25 per cent by 2020, reflecting longer term funding issues in respect of housing. Early progress has been made on implementing projects to reduce emissions, but the Council cannot fully demonstrate their impact.

61 The Council estimates that 400 tonnes of carbon were saved during 2008 through the opening of a purpose built Eco Depot, the installation of biomass boilers in a number of buildings and improved insulation, but is unable to accurately assess the impact of each project. Other projects are in progress which the Council anticipates will increase the saving to more than 2,400 tonnes by the end of 2010. Further savings are being delivered through improvements to heating systems and insulation of the housing stock linked to the Decent Homes Standard. Other projects relating to street lighting, transport and continued improvements to the Council's buildings are being developed to meet longer-term targets.

62 All water usage is monitored and new council buildings have water conservation devices. There are also examples of water being re-used, for example at the Eco Depot to wash vehicles. A recent review of the Corporate Plan made climate change a priority for the Council, resulting in the redirection of £250,000 in 2008/09 to fund carbon reduction projects. Resulting financial savings are to be reinvested in further projects, and bids for external funding are being submitted for building and street lighting projects. Two new posts have been created along with a Carbon Board comprising senior officers and councillors to oversee delivery of the carbon reduction plan.

63 Bids for capital investment in buildings must consider carbon reduction and information on carbon emissions is considered as part of the process to prioritise bids capital funding. The Council is also participating in a virtual trading scheme through Carbon Action Yorkshire to prepare for the introduction of the Carbon Reduction Commitment which will impose an annual carbon budget. The monitoring of elements of environmental performance is built into established performance management processes.

64 The Council is working towards an organisation-wide approach to managing environmental risks through the introduction of an Environmental Management system.

This is not yet complete, although the process is well advanced in some areas such as Neighbourhood Services and Environmental Protection. The Council has carried out sustainability impact assessments on the Corporate Strategy and the draft Economic Strategy and plans to introduce this approach across all directorates in 2009. The Council has a sustainable procurement strategy and promotes the use of products that have a low environmental impact. Tender evaluation arrangements are being reviewed to emphasise the importance of reducing the Council's carbon footprint through the services it procures.

Asset management

65 The Council has developed a strategic approach to asset management, which has had some positive impact, but is not consistently applied across the organisation. There is a corporate Asset Management Plan (AMP) and a corporate group of officers charged with the task of implementing it. The Plan is well structured and based on good practice principles. The officer group comprises a range of appropriate, experienced officers from across the Council, recently supplemented by representatives from partner organisations. It provides a useful forum for sharing information and identifying opportunities to improve asset management, and has a role in prioritising bids for capital funding. However, the group relies on influence rather than direct control of asset management and structures are not in place to ensure principles are applied consistently.

66 There are some service AMPs in place which provide links with service planning, although these are not used effectively to manage progress towards strategic priorities. Area AMPs have been developed for some parts of the city to ensure the needs of local people are taken into account in managing assets in the locality. However, these are few, and are being developed in a piecemeal way. There are also examples of asset management taking place at a service level outside the Council's corporate approach. Implementation plans for asset management are not consistently robust. Corporate and service AMPs are not under-pinned by robust implementation plans although area AMPs have action plans which are clearly focused on local needs and priorities.

67 The delivery of ambitions for asset management is constrained by limited financial resources and a lack of a full understanding of how assets contribute to the achievement of corporate priorities. This undermines the Council's ability to demonstrate value for money in asset management. Steps are being taken to address the gaps in information regarding the Council's asset portfolio through the development of a new asset data base, but this is not yet complete.

68 Annual benchmarking is carried out against a set of national asset management indicators which is used to identify good practice, but there is no framework of local indicators and targets to routinely monitor progress against the objectives and priorities contained in the corporate AMP. Although a range of relevant indicators exist, they are seen as service-related indicators and are not brought together to provide a rounded view of the performance of the asset base.

69 The Council has a repair and maintenance strategy which aims to ensure its assets remain fit for purpose and there are examples of how the Council is improving services through improvements to its asset base. However, as repair and maintenance budgets

are largely devolved to services, it is impossible to ensure that they are consistently prioritised and there is no consistent approach to challenge whether assets provide value for money in meeting current and future needs. The Council is failing to address the growing level of backlog maintenance. The planned move to new office accommodation is expected to reduce the backlog by £5m, but delays in the move mean that these savings are yet to materialise. There is an established policy to work with community groups which is delivering community benefits.

70 There are examples of Council assets being transferred to community groups which have had a positive impact and others are being considered, as part of area asset management planning. Through the corporate officer group, the Council is engaging partners in identifying opportunities for sharing assets for the benefit of the local community. There are some examples of shared use of buildings with partners, but the Council and partners are working to develop a more strategic approach.

Use of resources 2009/10

71 The key lines of enquiry specified for the assessment are set out in the Audit Commission's work programme and scales of fees 2009/10. My work on use of resources informs my 2009/10 value for money conclusion. In my letter of 28 April 2009 about the audit fee for 2009/10, I outlined that there were no significant risks I was aware of in relation to my value for money conclusion. This is still the case.

72 In assessing the 'managing resources' theme my work will focus on KLOE 3.2 - Asset Management, and KLOE 3.3 - Workforce planning. I have also considered whether there are any additional risks arising from my 2008/09 value for money conclusion and report that there are none.

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