

Annual Audit Letter

South Bucks District Council

Audit 2008/09

December 2009



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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 we have undertaken to assess your arrangements to secure value for money in your use of resources.

Audit opinion

- 1 I issued an unqualified opinion on the 2008/09 financial statements on 27 November 2009.
-

Financial statements

- 2 We found no material errors in the financial statements.
-

Value for money

- 3 I issued an unqualified value for money conclusion on 27 November 2009.
-

Audit fees

- 4 We are not proposing an increase in audit fees for 2008/09, although there will be an additional fee for the 2007/08 objection work and related work to verify changes to the accounts.
-

Table 1 **Audit fees**

We have completed the audit within the planned fee

	Planned and Actual
Financial statements and annual governance statement	£59,192
Value for money	£32,540
Total audit fees	£91,732

Actions

- 5 Recommendations are shown within the body of this report and have been agreed with the audited body.
-

Conclusion of audit

- 6 We cannot formally conclude the 2007/08 and 2008/09 audits until we have completed our work on the 2007/08 objection.
-

Economic downturn

- 7 The economic downturn and banking crisis has had a very significant impact on public finances and the bodies that manage them. The impact on treasury management strategies was 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.
 - 8 This impacted on the audit and as part of our responsibility, we have reflected on the wider environment, specific issues and risks and the Council's response.
-

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.

Financial statements and annual governance statement

South Bucks District Council financial statements and annual governance statement are an important means by which the Council accounts for its stewardship of public funds.

Opinion on the financial statements

10 I issued an unqualified opinion on the financial statements on 27 November 2009. We found no material errors in the financial statements. We are satisfied that there are no material weaknesses in internal control. We considered the qualitative aspects of your financial reporting. There are no specific issues that we need to raise with you.

Preparation for the implementation of International Financial Reporting Standards (IFRS)

- 11** Councils will be required to implement the full requirements of IFRS from 2010/11. As part of this process, authorities will need to restate their 2009/10 comparative figures in the financial statements and therefore need to have drawn up plans to ensure these additional requirements are met.
- 12** We have assessed you as 'green' or on track with your arrangements. You have identified the main additional requirements of IFRS and are taking steps to address them. We will work with you to support the successful transition to full reporting under IFRS.

Investments in Icelandic banks

13 Although you held no investments in failed Icelandic bank you have reviewed and updated your treasury management arrangements to ensure that they meet your needs in the current financial climate. We identified no weaknesses in your arrangements.

Value for money and use of resources

We considered how well South Bucks District 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.

We also assessed whether South Bucks District 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 conclusion.

Use of resources judgements

- 14** In forming our scored use of resources judgements, we 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.
- 15** We 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.
- 16** Your use of resources theme and KLOE scores are shown in Table 2 below. The key findings and conclusions are summarised in Appendix 1.

Table 2 Use of resources theme scores

The Audit Commission has assessed that the Council performs adequately

Use of resources theme and KLOE	Scored judgement	
	Theme	KLOE
Managing finances	2	
• 1.1 - financial planning		2
• 1.2 - understanding costs and achieving efficiencies		2
• 1.3 - financial reporting		2
Governing the business	2	
• 2.1 - commissioning and procurement		3
• 2.2 - data quality and use of information		2
• 2.3 - good governance		2
• 2.4 - risk management and internal control		2
Managing resources	2	
• 3.3 - workforce planning		2

Value for money and use of resources

17 The headline messages are as follows.

Managing finances

- 18 You plan your finances well to deliver your strategic priorities and secure sound financial health.
- 19 You engage extensively with the community and your integrated service and financial planning framework encourages services to engage with customers.
- 20 You take account of your understanding of costs and performance in decision making and commissioning so that you make better informed decisions. You use comparisons and benchmarking to improve service effectiveness. Recently the Council has used information on costs and performance levels to make decisions around the pathfinder support services project.
- 21 Good closedown procedures and comprehensive working papers are prepared to support the financial statements.
- 22 Your financial reporting is generally timely, reliable and meets the needs of internal users, stakeholders and local people.
- 23 Areas for improvement include: better financial training for members and non financial staff; improving links between cost and quality in understanding costs and demonstrating clearer links to strategic objectives in financial reporting.

Governing the business

- 24 You understand your local community and its needs for services. You involve local people, partners and suppliers in commissioning decisions. You have used community information to: identify the challenges that you will face in the future; inform the need for services over the medium to longer term; and identify future priorities in the Corporate plan. You use this vision to shape your approach to commissioning and procurement.
- 25 As part of your ongoing search for better value for money you exploit new technology and service redesign to improve service delivery. You also evaluate different options for procuring services. You have a well developed approach to working with partners and procuring services jointly where possible to save money through economies of scale. You have a good understanding of the supply market and seek to influence and develop that market. You use external suppliers where you know there is a competitive market.
- 26 You maintain focus on your purpose and vision and provide fit for purpose information to support decision making. You monitor key performance information monthly. Further reliable information is available if needed to support decision making.
- 27 In terms of good governance and internal control you have most of the basics in place. However, there is still scope to improve data security and the business continuity plan needs to be tested on a regular basis.

Managing resources

- 28** You have a productive and skilled workforce. You manage with a lean organisation and staff change their roles to meet current needs. This has led to improved performance and better value for money over the last few years.
- 29** Your corporate approach to workforce planning needs updating. However you have identified skill gaps and introduced arrangements to address them.
- 30** You do not have a documented systematic and planned approach to managing the workforce implications of organisational change but you support staff through change by holding briefings for those involved in changes.
- 31** Your approach to equalities and diversity are adequate and comply with your duties under equalities legislation.

Recommendations	
R1	<p>Financial planning</p> <ul style="list-style-type: none"> Expand your medium term financial strategy into a stand alone document. Formalise training for other staff and members.
R2	<p>Understanding costs</p> <ul style="list-style-type: none"> Establish clearer links between cost and quality. Complete sustainability appraisals for new projects. Continue to improve partnership reviews.
R3	<p>Financial reporting</p> <ul style="list-style-type: none"> Demonstrate clearer links to strategic objectives. Consider using executive summaries on the Council's website. Improve diversity and sustainability reporting.
R4	<p>Data security</p> <ul style="list-style-type: none"> Improve security of data and testing of those arrangements.
R5	<p>Risk management and internal control</p> <ul style="list-style-type: none"> Train staff below senior managers on risk management. Finalise and implement the new business continuity plan.
R6	<p>Workforce planning</p> <ul style="list-style-type: none"> Update the corporate approach to workforce planning. Update workforce planning, including managing the implications of organisational change. Build on the current approach to equalities and diversity.

Value for money conclusion

- 32** We 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 value for money conclusion at each type of audited body. Our conclusions on each of the areas are set out in Appendix 1.
- 33** I issued an unqualified conclusion stating that you had adequate arrangements to secure economy, efficiency and effectiveness in your use of resources.
-

Value for money projects

- 34** As part of work in Buckinghamshire we have carried out two specific reviews across a range of public sector bodies to support our work on use of resources.
- **Buckinghamshire Pathfinder Project (November 2009)**
The Councils in Buckinghamshire are engaged in a major collaboration - the Buckinghamshire Pathfinder. This is looking at how better use can be made of public money to improve the services provided to people in the County through better cooperation, integration and joint commissioning of services. Our review focused on the arrangements for managing the Pathfinder Project.
 - **Health Inequalities - Phase 2 (November 2009)**
Buckinghamshire public sector bodies are jointly responsible for improving the health of the local population and for addressing health inequalities. Our review looked at the way the partners were working together.

Buckinghamshire Pathfinder Project

- 35** In July 2007, the Government accepted a 'Pathfinder' bid from the five Buckinghamshire councils to develop more effective public services in the County through cooperation, integration and joint commissioning of services. The councils have identified six work streams as potential areas for partnership, and include a broader set of partners including the Buckinghamshire Fire and Rescue Service and Buckinghamshire Primary Care Trust. These six projects form the first phase of the Pathfinder work. They aim to provide more effective local government by co-operative working and achieving better engagement to produce services that meet the diverse needs of local communities. They intend to build a strong role for councillors in the governance of the Partnership and as local representatives. They plan to make total savings of over £8.5 million per annum by 2013.
- 36** Since then, the Buckinghamshire Enhanced Two Tier Working Pathfinder Partnership ('the Pathfinder' or 'the Partnership') has made reasonable progress to establish new governance arrangements, build up experience of partnership working and develop projects. This has helped build much stronger trust and understanding between the partners. The Pathfinder has helped partners to drive projects forward more effectively than if they had been developed in an uncoordinated way. However, partners are still finding it difficult to establish an appropriate balance between safeguarding local interests and achieving the benefits of partnership that the Pathfinder offers.
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- 37** Individual projects have progressed at different rates, but progress has been reasonable overall. The Partnership has passed its first significant test with Partnership Board approval of a detailed business case for an innovative shared services project. It is too early to see outcomes for local people, but the efficiency goals of the Partnership still appear realistic.
- 38** The Partnership is now starting to identify additional projects for investigation. It is embracing a more flexible approach, exploring the potential for smaller scale joint working between districts as well as opportunities for extending the Partnership across county boundaries. This has helped it to accommodate Chiltern District Council's decision to withdraw from the shared services project. This also demonstrates a deeper and more sophisticated understanding of partnership working.
- 39** Governance arrangements are still cumbersome and the Partnership's ability to deliver individual projects has not been tested yet. However, the early evidence is that governance is developing to meet the emerging needs of the programme.
- 40** Satisfactory performance management arrangements are in place at a project level, but the main indicators of success are financial savings. The full benefits of the Partnership for local people are still unclear. There is also limited performance management to measure the success of Pathfinder Project as a whole. Project management arrangements are in place, but there is no overview of these to give assurance that they are effective. The Partnership has assessed risks to progress and reports regularly on these.
- 41** In summary capacity is stretched within all five councils and the economic recession is placing additional constraints on capacity. The Pathfinder will produce some of the savings required to meet the needs of the partners, but not all. There is a risk that the business transformation agenda across the county will become dominated by partners' internal efficiency programmes and that opportunities will be lost to achieve greater savings and more effective public services through partnership.
- 42** The main challenges for the Pathfinder programme are now to:
- develop councillors' new roles in Pathfinder and their understanding of them. Councillors leading Pathfinder have to develop new skills and ways of working; backbench councillors also need to understand how their roles are changing;
 - manage potential risks to partnership working and delivery as a result of any changes in political control;
 - ensure that the Pathfinder becomes an integrated part of the partners' response to the current recession;
 - maintain communication with staff to ensure that the momentum of the Partnership is maintained without losing the commitment of managers and staff;
 - secure capacity to develop and deliver projects - particularly as a result of an urgent requirement for much larger savings to compensate for falling income and a need to focus on short and medium term savings for individual partners, rather than longer term efficiencies through the Partnership;
 - remain flexible and exploring new partnership areas where there may be opportunities for efficiencies and service enhancements;

Value for money and use of resources

- develop new governance arrangements to move beyond project selection and oversee implementation and delivery of complex new projects;
- develop an overall performance and project management framework that recognises the importance of assessing the Partnership's success in delivering the Pathfinder project as a whole and its impact upon the partners; and
- extend performance management beyond assessment of financial efficiencies to consider the wider customer benefits that are to be delivered within projects.

Health inequalities - Phase 2

43 Improving health and tackling health inequalities in Buckinghamshire is the joint responsibility of the five councils and the Primary Care Trust. Other public sector bodies are key partners. People in Buckinghamshire are generally healthy. Life expectancy is higher than average and early deaths from heart disease, stroke and cancer are lower than average. Buckinghamshire is an affluent county with low deprivation and this has a direct impact. There are significant pockets of deprivation in Buckinghamshire and consequently, wide variations in health outcomes. The public sector partners in Buckinghamshire have recognised the relationship between deprivation and poor health and have drawn up a Healthy Communities Strategy which specifically addresses health inequalities and seeks to reduce the gap between good and poor health outcomes by focusing on four related areas:

- income maximisation – benefit take-up and debt management;
- tackling heart disease, diabetes and stroke in the most 'at risk' groups;
- affordable warmth; and
- systematic adoption of health inequalities impact assessment by the public sector.

44 We found that the following were established:

- strong performance management of the Local Area Agreement (LAA);
- partnerships clearly identified and clear engagement with key partners eg the acute sector;
- actions to address health inequalities implicit in both PCT and council plans;
- a public health steering group headed by a jointly appointed Director of Public Health and lead member; and
- engagement with the agenda by both Council members and PCT non-executive directors.

45 Areas for further development included:

- the need for a clear and robust governance framework;
- clearer and more consistent mechanisms for public and service user involvement;
- wider development of public health information to inform decisions;
- systematic engagement of the workforce;

- an improved focus on performance management of all actions related to health inequalities; and
- using the wider influence of key organisations to reduce health inequalities through corporate responsibility principles.

46 This is consistent with the level of achievement being reported elsewhere by the Audit Commission itself and other bodies working in this field.

Closing remarks

- 47** We will discuss and agree this letter with the Chief Executive and the Director of Finance. I will present this letter at the next Audit Committee and will provide copies to all Committee members.
- 48** Further detailed findings, conclusions and recommendations in the areas covered by our audit are included in the reports issued during the year.

Table 3

Report	Date issued
Audit plan and supplementary opinion plan	May 2008 and February 2009
Annual governance report	September 2009
Opinion and value for money conclusion	27 November 2009
Health inequalities report (Buckinghamshire)	October 2009
Pathfinder project (Buckinghamshire)	October 2009

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- 49** You have taken a positive and constructive approach to our audit. We wish to thank the you and your staff for your support and co-operation during the audit.

Mick West
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 score 2
Key findings and conclusions
<p>The Council plans its finances well to deliver its strategic priorities and secure sound financial health.</p> <p>The Council engages extensively with the community and its integrated service and financial planning framework encourages services to engage with customers.</p> <p>The Council takes account of its understanding of costs and performance in decision making and commissioning so that it makes better informed decisions. It uses comparisons and benchmarking to improve service effectiveness. Recently the Council has used information on costs and performance levels to make decisions around the pathfinder support services project.</p> <p>Good closedown procedures and comprehensive working papers are prepared to support the financial statements.</p> <p>The Council's financial reporting is generally timely, reliable and does meet the needs of internal users, stakeholders and local people.</p>

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 1.1 (financial planning) Score VFM criterion met</p>	<p>2 Yes</p>
<p>Key findings and conclusions</p>	
<p>Integrated financial planning</p> <p>Financial planning is an integrated process, linked to strategic and corporate planning processes, and arrangements are in place for overseeing financial performance. Your budget process has focused on moving to a balanced budget over the medium term by the phased use of reserves, avoiding large sudden budget changes. An annual budget risk assessment is carried out as well as a budget sensitivity analysis, taking into account issues arising in previous years. Funds have been diverted to high priority areas such as the development of the Local Development Framework, environmental initiatives and the planning process. There is clear evidence of ownership of the financial planning process by staff and members.</p> <p>The four page Medium Term Financial Strategy covers three years and is updated at least annually. It is not seen as a stand alone document but rather one which links all other strategies and priorities together.</p> <p>The Council produces an annual value for money profile for each service to monitor performance, and at least one area is subject to a detailed Member led review each year. Through joint committees spanning the other public sector bodies in South Bucks, internal and external data is used for benchmarking. The Pathfinder programme is proceeding across a range of projects. Key decisions are being considered by the partnership on shared service options which should improve value for money across the whole of Buckinghamshire. The introduction of the South Bucks wide corporate plan will enable resources to be directed to local priorities in the best way, but this is still under negotiation.</p> <p>Engages local communities and other stakeholders in the financial planning process</p> <p>The Council extensively engages with the community. For example it consulted to inform the Local Development Framework and the South Bucks Partnership's Sustainable Community Strategy, both of which impact on the Council's financial planning. Also the Council's integrated service and financial planning framework encourages services to engage with customers. Service plans give details of customer groups and actions taken to engage with them. The Council has also consulted with stakeholders when amending charging policies, for example when proposing to increase car parking charges.</p>	

Manages spending within available resources and is financially sound over the medium term

Over recent years financial forecasts have consistently shown that the Council has needed to make significant savings eg the senior staff reshuffle. Whilst making these savings, the Council has kept within its budget and has had very few material variances. The responsible finance officer's advice for 2008/09 was that the balance on the general reserve should be at least £0.8m. Balances are currently significantly above this level. Realistic but difficult savings targets have been identified (£0.9m over three years).

Performance has been maintained or improved even though savings are being achieved. The Council has set challenging collection targets for council tax, business rates, benefit overpayments, parking excess charges and other income.

Recognises individual and collective responsibilities for financial management and values and develops financial skills

The Council has worked hard in previous years to improve its arrangements for the use of its resources. It set a target of achieving level 3 under the previous Audit commission use of resources framework, and continually improved its processes until this was achieved. The Council is now aiming to achieve level 3 under the new framework and is aware that this will require further improvements.

Training needs, including financial training needs, are identified as part of the annual Performance Review process, but financial awareness training is sporadic. All Members also have access to the Modern Councillor e-learning site see link via the Council's intranet, however take-up on this is very low.

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 1.2 (understanding costs and achieving efficiencies)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
<p>Key findings and conclusions</p>	
<p>Understands costs</p> <p>Annual value for money service profiles are completed and show the direction of travel in terms of cost and quality of service. More detailed value for money review is undertaken by the Overview and Scrutiny Committee using these. Although cost and quality are both considered, the link between the two is very much judgemental. The impact of increasing or decreasing costs is not linked to quality of service over time but work will be undertaken in this area in the future. Annual service plans include cost comparative information against previous years and are produced at the cost centre level. Services consider value for money issues in detail as part of the service planning cycle, looking at costs and benefits of planned changes. During the annual budget setting process, cost comparators and historical trends are analysed and reviewed. Monthly budget monitoring reports are taken to informal Cabinet and clearly identify user numbers and how this is linked to costs and expected revenues. Graphical analysis and forecasting is used to anticipate drops in demand, based on current and past trends. Underlying drivers for changes in costs are analysed eg seasonal variations/ competition. Benchmarking against other authorities and comparison over time helps the Council analyse past and present performance and communicate this to staff and members in an easy to understand manner. Major projects use the Council's project management methodology which requires formal assessment of costs, benefits and risks. Sustainability impact appraisals need to be completed for new projects and strategies due for update; these are not yet taking place.</p> <p>Decision making</p> <p>The Council uses its understanding of costs and performance in decision making and commissioning. It uses Audit Commission data and benchmarks performance, taking into account local factors such as deprivation, geography and demography. The 2008/09 budget identified and delivered savings, efficiencies, and additional income of over £700,000, 6 per cent of budget. Services have been outsourced after completing full value for money assessments eg payroll services, procurement support - based on clear understanding of the benefits and the costs and risks involved. More recently the Council has used information on costs and performance levels to make decisions around the pathfinder support services project.</p>	

Making efficiencies

The Council has an efficiency strategy and has adopted an integrated corporate approach to efficiency savings. The Council is continually looking to make its services more efficient, including electronic invoice and orders approval. It aims to meet if not exceed the Governments efficiency targets, particularly focusing on making real financial savings to reduce its funding gap. Progress with the achievement of budget savings is reported as part of the monitoring reports to Cabinet. These savings, whilst being stretching are more reactive to necessity rather than as a result of proactive planning.

The Council uses comparisons and benchmarking to increase self-awareness of costs and improve service effectiveness through its annual value for money assessment. It uses Audit Commission data to analyse and benchmark performance and takes into account local factors such as deprivation, geography and demography. Outsourcing is based on a clear understanding not only of the benefits that will accrue and how those benefits will be delivered, but also of the costs and risks involved in such a decision. The annual partnership review is more of a 'stand back and assess' evaluation rather than a participative or joint one. More work could be done in this area to improve its score on efficiency savings. A lack of case study evidence (due to size) stops the Council from demonstrating how its major decisions are sustainable and provide better outcomes for the wider community.

KLOE 1.3 (financial reporting)

Score

2

VFM criterion met

Yes

Key findings and conclusions

All budget holders have online access to the financial management system (Integra), which provides up to date information, available in real time. The Council identifies variations in financial performance using sensitivity analysis and forecasting. The irregular meeting of formal Cabinet was not thought to be sufficient for monitoring arrangements so reports now go to a monthly informal Cabinet, arranged to coincide with the production of the report, enabling swift action to be taken where needed.

The Council regularly reviews financial performance of significant partnerships, which links to outputs through the annual partnership review process although the results from this process are not shared.

The draft 2009/10 service plans were produced in October - November 2008, and were finalised in March 2009. Each service is required to consider value for money issues in detail as part of the annual service planning and budget setting process. The reporting cycle has been challenged in previous years, responding to the need for faster accounts.

Appendix 1 – Use of resources key findings and conclusions

Reports are not linked to strategic objectives - instead of linking monitoring information to performance indicators, a clearer link with the core priorities would aid the reader.

The monitoring reports to the management team and informal Cabinet are produced each month and include performance, budget and activity information. The current monthly monitoring reports include a mix of figures and commentary, and the main body of the report includes only summarised information with more detailed information in an appendix. The quality of reports is generally high. All reports have to be signed off by legal and finance and are reviewed by the Management Team prior to being issued.

Summary and detailed monitoring information on income and expenditure is available in real time to budget holders. The Crystal report writing package is used, which is a very flexible reporting tool and can be used to extract financial data in user-friendly formats. Budget monitoring reports are available on-line for all managers and profiling is used.

Based on the 2007/08, the accounts comply with statutory requirements, statutory and regulatory timetables, relevant accounting and reporting standards. The 2008/09 accounts were approved by Audit Committee on 25 June. The 2007/08 accounts were published prior to 30 September 2008 (although not signed off by audit due to an objection).

Final accounts work is given a high priority by the finance team during the April – June period. A detailed closedown procedure is followed with supporting documentation. Five hard copy files of working papers were provided at the start of the audit to assist with the accounts audit. Many of the working papers are also available electronically.

Financial information is easy to find on the website, however executive summaries would be a useful aid when searching for certain documents. From the accessibility page, reports are available in multiple formats, including text only and spoken.

The annual report is widely distributed and a summary is sent to every household which includes information on activities, achievements and financial performance. A citizen's panel reviews external reporting arrangements and was split on whether information was sufficient. Feedback is requested on the annual report and the corporate plan. Some other feedback mechanism could be used to assess effectiveness of communications eg short survey when accessing the website.

The accounts include a glossary of key terms but there is not a more general list available on the website. Charts are used where appropriate to show key figures but there is no mention of a plain English campaign. Diversity issues are not addressed in reporting and sustainability reporting was not set to start until June 2009.

Governing the business

Theme score 2	
Key findings and conclusions	
<p>The Council understands its local community and its needs for services. It involves local people, partners and suppliers in commissioning decisions. The Council has used community information to identify the challenges that it will face in the future, inform the need for services over the medium to longer term and identify future priorities in the Corporate plan. It uses this vision to shape its approach to commissioning and procurement.</p> <p>As part of its ongoing search for better value for money The Council exploits new technology and service redesign to improve service delivery. It also evaluates different options for procuring services. The Council has a well developed approach to working with partners and procures services jointly where possible to save money through economies of scale. The Council has a good understanding of the supply market and seeks to influence and develop that market. It out-sources areas that it knows to have a competitive market.</p> <p>The Council maintains focus on its purpose and vision and provides fit for purpose information to support decision making. You monitor key performance information monthly. Further reliable information is available if needed to support decision making.</p> <p>In terms of good governance and internal control the Council has most of the basics in place.</p>	

Appendix 1 – Use of resources key findings and conclusions

KLOE 2.1 (commissioning and procurement) Score VFM criterion met	3 Yes
Key findings and conclusions	
Clear vision of expected outcomes <p>The Council understands its local community and its needs for services. The Council used this information to identify the challenges that it will face in the future and inform the need for services over the medium to longer term and identify future priorities in the Corporate Plan, which is updated regularly. It uses this vision to shape its approach to commissioning and procurement. The Procurement Policy links to the Council's objectives and aims to choose procurement options to help the Council fulfil them. The policy also enforces the importance of sustainability. The Council has worked on a strategic needs assessment and has consulted with hard to reach and minority groups in order to identify their needs. The outcome of this is that it has informed the priorities of the Sustainable Community Strategy and this will inform the procurement policy further in the future.</p>	
Extensive involvement in commissioning <p>The Council involves local people, partners and suppliers in commissioning decisions. For example it consulted the community prior to drawing up the new waste contract and made changes such as introducing a fast response team and increasing recycling frequency as a result.</p>	
Improvement through redesign <p>The Council exploits new technology and service redesign to improve service delivery. Examples include approving invoices and orders electronically and improving its website to include online planning, building control, electoral registration and payments systems as well as online access for customers to their revenue and benefits information and an on-line benefits calculator. Performance software has significantly reduced officer time for monitoring performance and improvements. The GIS web tool has improved information by the service areas on the intranet.</p>	

Understanding the supply market

The Council has a good understanding of the supply market and seeks to influence and develop that market. The Council out-sources areas that it knows to have a competitive market, for example waste and revenues and benefits. The Council is active in working in partnership and through its work with South Bucks procurement partnership it explores options of joint procurement. The South Bucks partnership organises twice yearly business lunches where local businesses are invited to discuss their needs/concerns. Understanding of the supply market means that the Council explores the best possible means of supplying services.

Evaluation of procurement options

As part of its ongoing search for better value for money, The Council evaluates different options for procuring services. The Council has a well developed approach to working jointly with partners. For example along with Wycombe and Chiltern, it contracts with Aylesbury Vale DC for payroll services. Wycombe provides procurement support. Chiltern deals with the administrative arrangements for concessionary fares. Joint working allows the Council to make savings through economies of scale and use resources in the most efficient way.

The Council is a member of the Bucks Procurement Group and procures services jointly where possible to save money through economies of scale. The Buckinghamshire district councils have jointly commissioned the Choice Based Lettings Scheme and as a result 'Bucks Home Choice' will provide a countywide service for those seeking social rented accommodation from May. In addition pest control and dog control services, jointly commissioned by the district councils, has resulted in savings over £100k.

The Council reviews the competitiveness of its services and achieves value for money. For example it uses comparisons of cost and performance and benchmarking in the value for money assessment in its service planning processes and its community consultation and local knowledge ensures that it meets wider social, economic and environmental objectives.

Appendix 1 – Use of resources key findings and conclusions

KLOE 2.2 (data quality and use of information)	
Score	2
VFM criterion met	Yes
Key findings and conclusions	
Produces relevant and reliable data and works with partners to ensure the quality of partnership data	
<p>A comprehensive data quality strategy underpins the data quality arrangements. Cost, performance and risk data is all captured and integrated into the business planning and management process. All staff receive training in data quality, data protection and information management as part of their induction. Their competency is assessed through the annual appraisal system. Random data quality audits are conducted throughout the year. Staff suggestions on improving data quality are encouraged (eg to their line manager, at team meetings, via the staff suggestion scheme, as part of internal opinion surveys).</p> <p>Data quality risks are held within the risk register. As part of the annual management assurance statement process all senior managers are asked to confirm that they have complied with the Council's data quality arrangements. Data quality was introduced as a key item into Council contracts in July 2008.</p> <p>Data quality arrangements are discussed at every Countywide Performance Management and Data Quality Information Sharing Group meeting which includes representatives from Police, Fire and the PCT as well as the five Buckinghamshire Councils. The Council has a good track record of producing and using accurate, relevant and reliable data, including partnership data. The Council is starting to work closely with partners to ensure data shared are reliable and fit-for-purpose. Through the Bucks wide partnership, it seems like these will be covered in future.</p>	

Understands the needs of its decision makers and provides them with information that is fit for purpose and is used to support decision making

The Council provides fit for purpose information to decision makers. Performance indicators and information are reported and monitored quarterly with priority ones being reported monthly. Fit for purpose decision support information is also available in the Council's Corporate Plan, its service plans, its background and context information system, knowledge source, the web based covalent performance management system, Audit Commission value for money profiles and the Council's GIS.

Ensures data security and compliance with relevant statutory requirements

Although the Council has had no security breaches that it is aware of, there seems to be a lack of security over data and the testing of the security. The main area of concern is the lack of a business continuity plan which has been in framework format for the past 2 years. An updated security policy was agreed on 24 March 2009 but is still not available to staff.

Policies and procedures on the freedom of information (FOI) and data protection meet the requirements of national standards, rules, definitions and guidance. The Council periodically reviews and updates these as necessary. The annual report on standards of conduct shows that there were no breaches to policies or procedures - evidence of mechanism in practice - and was reviewed by senior management.

Monitors performance against its priorities and targets, and addresses underperformance

The Council has robust measures in place to monitor performance against its priorities and targets. There is a comprehensive performance management framework that clearly details responsibilities. It identifies areas of under performance and addresses them. Full performance information is reported quarterly and this includes a detailed update on service actions and projects. Performance information is scrutinised by Management Team, Cabinet and Overview and Scrutiny. Areas of concern are highlighted as are the reasons for them and the action the Council is taking to rectify them.

Appendix 1 – Use of resources key findings and conclusions

KLOE 2.3 (good governance) Score VFM criterion met	2 Yes
Key findings and conclusions	
Principles of good governance <p>The constitution describes the roles and responsibilities of members and senior officers and includes a scheme of delegation. The minutes and attendance at Audit Committees show there is a good working relationship between members and officers.</p> <p>Induction training is available to members, along with an annual budget for continuous professional development of staff. In 2008, the Council joined MKOB Authorities to offer training modules in specific service areas - by attending seminars or using workbook at home. Members were introduced to the Modern Councillor suite of e-learning modules, financed through MKOB. Take-up on this has however been extremely low.</p> <p>To ensure member and senior officer roles and responsibilities are coherent, comprehensive and continue to focus on delivering the purpose and priorities of the Council, an annual review is conducted. In 2008 the Leader reviewed portfolio holder responsibilities and created a Sustainable Development Portfolio Holder to lead in this important area. In 2007 there was a review of senior management roles to streamline the Head of Service structure from 1 April 2008 in order to make savings and better focus responsibilities.</p>	
Purpose and vision <p>The Council maintains focus on its purpose and vision. This is set out clearly in the Corporate Plan which drives service planning and individual objectives and appraisals. Its monitoring of performance, including performance against the priority indicators it identifies at the beginning of each year, helps maintain focus on its priorities.</p>	

Ethical framework and culture

There is a Members Code of Conduct which follows the statutory model and an Employees' Code of Conduct. The Standards Committee has three roles in relation to complaints about member conduct. It reviews its make up annually to ensure it can fulfil these roles.

The Standards Committee advises the leadership on how it can impact positively on staff and public confidence and trust in the organisation by issuing a bi-annual standards bulletin to all district and parish councillors and council staff.

Complaints procedures and whistle blowing policies are clear and easily accessible. These are reviewed by Internal Audit as part of corporate governance review. The Overview and Scrutiny Committee receives an annual report on complaints and review trends and makes suggestions for improvement. There have been no recent whistle blowing cases from which to draw evidence of confidence and review. Evidence of embedded ethical culture is that there have been no disciplinarys, criminal investigations, or any Standards Board investigations, against any SBDC officers or members.

Partnership governance

Cabinet agreed a new Partnership Strategy in June which sets out a new process for monitoring partnerships in line with best practice. All key partnerships are now subject to an annual review process, focusing on whether the partnerships are providing effective outcomes and value for money.

During 2007/08 the Council participated in a joint review of the Local Strategic Partnership (LSP) for Buckinghamshire, which is one of its major partnerships. The Council is a key member of South Bucks Partnership. The agreement clearly sets out roles and responsibilities of each partner and their contribution to delivering better outcomes for local people. The Partnership has been strengthened through the merger with the Joint Local Committee making the new partnership more democratically accountable and ensuring it is firmly based on the needs of the local communities through involving all Parish Councils. All key partnerships are subject to an annual review process focusing on whether the partnerships are providing effective outcomes and value for money. Policy officers across Bucks have undertaken a joint review of all partnerships. This included sharing risks of working with different partners identified by the different organisations.

Appendix 1 – Use of resources key findings and conclusions

KLOE 2.4 (risk management and internal control) Score VFM criterion met	2 Yes
Key findings and conclusions	
Has effective risk management which covers partnership working Using the covalent risk management system, managers are required to review and update their risk registers at least every 4 months. Risks are linked to the Council's strategic priorities and objectives using a likelihood verses impact matrix. The annual partnership review process which is cross-referenced with other local authority review processes in Buckinghamshire requires consideration of the risks associated with each partnership. Regular meetings are held with senior managers to discuss risk issues but other staff do not have training on risk. Workshops have started to be rolled out to service teams but this has been limited. Risk management issues are championed by the Director of Resources, supported by the Risk Management Group. The Management Team regularly considers risks but to be embedded, the approach needs to include all staff. Members have access to the Modern Councillor e-learning site and one of the modules is on Risk Management. No other formal training is given and the e-learning site is not mandatory.	
Has a clear strategy and effective arrangements, including allocation of appropriate resources, to manage the risk of fraud and corruption The Fraud team was brought back in house November 2004 to ensure it was being properly resourced and effectively managed. Each year the Internal Audit plan allows for five days of other proactive fraud work to be undertaken and there is an overall fraud and corruption risk assessment which is used to direct this work. The benefits policy officer undertook a review of the anti fraud resources in April 2008 due to the change in economic climate. The caseload had increased from 2,794 to 2,959 but is still within current resources. This is being monitored quarterly.	

In the latest NFI data exercise, matches were prioritised and investigated appropriately. All the 389 matches have been cleared. The data matching identified overpayments of £18k and there have been four proven instances of fraud. The Council manages fraud as corporate risk; the finance risk register includes a specific fraud and corruption risk.

The Fraud officer works effectively and shares intelligence with Department of Works and Pensions fraud investigation teams. To ensure this successful partnership working continues, officers attend quarterly liaison meetings. A joint Chiltern and South Bucks fraud partnership Benefits anti fraud policy is in place and this considers the sharing of information as one of its priorities.

Has a sound system of internal control including internal audit.

Internal control is ensured by; a functioning Audit Committee. The quality of the Audit Committee is good. The Chair is thorough and a few members are trained accountants. There is effective internal audit (per the triennial review). There is transparent governance reporting - an annual review is undertaken by the Management Team and the Audit Committee, and the Annual Governance Statement refers to this. The Statement is a fair and honest assessment.

Internal audit reports issued in 2008/09 on the key financial systems have generally been positive. The finance team is also appropriately staffed ie it has staff with appropriate financial skills and abilities (the Director of Resources and the Head of Finance & IT are both qualified accountants).

The Council has a draft full business continuity plan which is in the process of being finalised. The plan in place in 2008/09 was not satisfactory.

The Audit Committee can demonstrate positive impact across the organisation by providing effective challenge.

No work is undertaken in relation to contractors' or partners' business continuity plans.

Appendix 1 – Use of resources key findings and conclusions

Managing resources

Theme score 2	
Key findings and conclusions	
<p>Only one area assessed, workforce planning which was assessed as a level 2.</p> <p>The Council has productive and skilled workforce. It is a lean organisation and staff change their roles to meet current needs. This has led to improved performance and better value for money over the last few years.</p> <p>The Council's corporate approach to workforce planning needs updating. However it has identified skill gaps and introduced arrangements to address them. Services identify any skills gaps and the action to be taken as part of their service planning.</p> <p>The Council does not have a documented systematic and planned approach to managing workforce implications of organisational change but it supports staff through change by holding briefings for staff involved in changes.</p> <p>The Council's approach to equalities and diversity is only adequate but it does comply with its duties under equalities legislation.</p>	
KLOE 3.1 (use of natural resources)	not applicable Yes/No
Score	
VFM criterion met	
Key findings and conclusions	
Assessment not required for 2008/09	

Appendix 1 – Use of resources key findings and conclusions

KLOE 3.2 (strategic asset management) Score VFM criterion met	not applicable Yes/No
Key findings and conclusions	
Assessment not required for 2008/09	
KLOE 3.3 (workforce planning) Score VFM criterion met	2 Yes
Key findings and conclusions	
<p>Productive and skilled workforce</p> <p>The Council has a productive and skilled workforce. It is a lean organisation and staff change their roles to meet current needs. This has led to improved performance and better value for money over the last few years. The Council is IIP accredited and has a competency framework. It tries to retain its staff by allowing ad hoc home working and bonus and retention payments. This should attract staff and reduce the likelihood of extended vacancies which can affect delivery of services.</p> <p>The Council has effective policies to manage sickness absence. These ensure maximum staff availability.</p> <p>Workforce planning</p> <p>The Council's corporate approach to workforce planning needs updating. Its workforce strategy was written in 2005 and is being reviewed. However the Council has identified skill gaps and introduced a management development programme and bonus and retention payments to address them.</p> <p>The Council is working on joint workforce planning with the Bucks Personnel Group and currently the number of senior managers in all authorities is being reviewed. Services identify any areas of skills gaps and what action will be taken as part of service planning. For example the ICT plan identified that it did not have enough staff to implement services' requirements and that extra resources would be needed to manage these projects.</p>	

Appendix 1 – Use of resources key findings and conclusions

Organisational change

The Council does not have a documented systematic and planned approach to managing workforce implications of organisational change but intends to consider this as part of its update of its workforce strategy. However it supports staff through organisational change by holding annual staff briefings and specific briefings to staff involved in changes. It also trains managers in change management.

Diversity and good people management

The Council's approach to equalities and diversity is only adequate. The Council has reached level 2 of the equality standard and it provided training on equalities policies when they changed in 2005 and an equalities workshop was held in 2007. However the Council has an equal opportunities policy and information is included on the website. These ensure compliance with duties under equalities legislation.

Appendix 2 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
8	R1 Financial planning <ul style="list-style-type: none"> Expand your medium term financial strategy into a stand alone document. Formalise training for other staff and members. 	2	Director of Resources	Yes	The key points of the financial strategy for 2010-2013 will be incorporated within the document that currently sets out the financial strategy framework. The document will then be communicated to members and senior officers.	April 2010
8	R2 Understanding costs <ul style="list-style-type: none"> Establish clearer links between cost and quality. Complete sustainability appraisals for new projects. Continue to improve partnership reviews. 	2	Director of Resources	Yes	The information on cost and quality in service plans for major key direct services will be reviewed in the next round of service plans. The embedding of sustainability into service and project planning will continue. All new major projects will have a sustainability statement. The effectiveness of significant partnerships will be kept under review by formal annual reviews and reporting to management team and appropriate member bodies.	March 2011
8	R3 Financial reporting <ul style="list-style-type: none"> Demonstrate clearer links to strategic objectives. Consider using executive summaries on the Council's website. Improve diversity and sustainability reporting. 	2	Director of Resources	Yes	The financial information published on the website will be reviewed in the coming year. How diversity and sustainability is considered by officers and members will be reviewed during the year as part of the follow up work on equalities undertaken in 2009.	March 2011

Appendix 2 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
8	R4 Data security <ul style="list-style-type: none"> Improve security of data and testing of those arrangements. 	2	Director of Resources	Yes	The Authority will strive to maintain compliance with the Government Connect Code of Connection, including independent testing of measures put in place. Guidance and policies will be developed for managers and staff on Information Management and Security.	March 2011
8	R5 Risk management and internal control <ul style="list-style-type: none"> Train staff below senior managers on risk management. Finalise and implement the new business continuity plan. 	2	Director of Resources	Yes	Consideration of risk management at team meetings will be extended in 2010 based on experience of work done with internal audit in 2009. Work will continue to improve the business continuity plan for the authority within available resources.	March 2011
8	R6 Workforce planning <ul style="list-style-type: none"> Update the corporate approach to workforce planning. Update workforce planning, including managing the implications of organisational change. Build on the current approach to equalities and diversity. 	2	Chief Executive	Yes	There is a new Workforce Plan which is going to Personnel Committee in April, and this will be accompanied by a complete revision of all Personnel policies and strategies, which will go to Personnel Committee from April through to September. On equalities, an external consultant has completed a draft of a Single Equality Scheme for SBDC and that is currently being checked and will go to Cabinet before the Summer. He has also completed equality impact assessments for all major service areas and made recommendations.	October 2010

The Audit Commission

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