

Report on Value for Money for Blackburn with Darwen Council

Year ended 31 March 2014

September 2014

Karen L Murray

Director

T 0161 234 6364

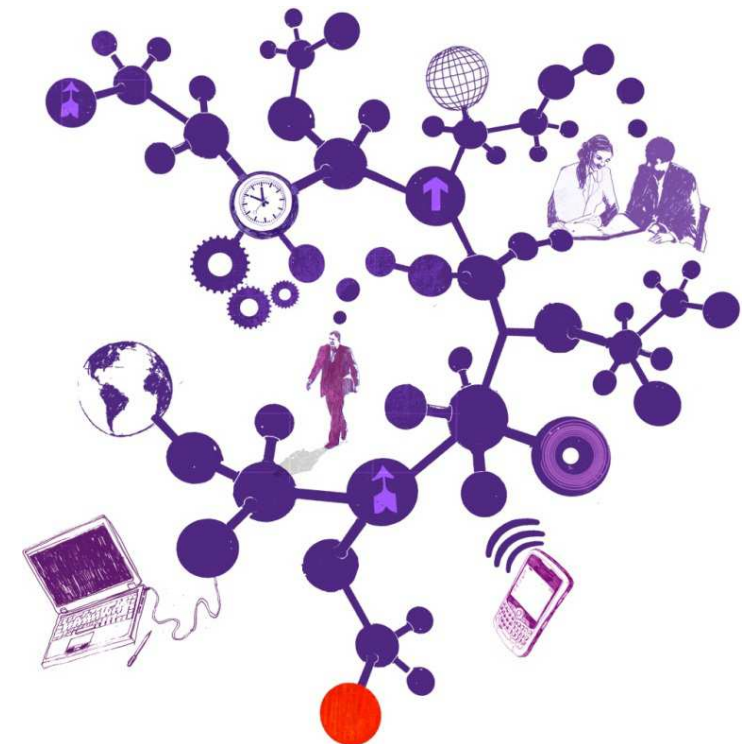
E Karen.L.Murry@uk.gt.com

Chris Whittingham

Manager

T 0161 214 6362

E c.whittingham@uk.gt.com



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Introduction

What is this report?

This report summarises the findings from our work supporting our Value for Money (VfM) conclusion, which is required as part of the statutory external audit responsibilities.

It compliments our Audit Findings Report, by providing additional detail on the themes that underpin our VfM conclusion.

Value for Money Conclusion

The Code of Audit Practice 2010 (the Code) describes the Council's responsibilities to put in place proper arrangements to:

- secure economy, efficiency and effectiveness in its use of resources
- ensure proper stewardship and governance
- review regularly the adequacy and effectiveness of these arrangements.

We are required to give our VfM conclusion based on two criteria specified by the Audit Commission, which support our reporting responsibilities under the Code.

These criteria are:

The Council has proper arrangements in place for securing financial resilience: the Council has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future (defined by the Audit Commission as "twelve months from the date of issue of the report").

The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness: the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

The Code require auditors to identify significant risks to the VfM conclusion and to plan sufficient work to evaluate the impact of those risks, if any.

Our approach

The approach involves:

- desktop analysis of relevant documentation
- meetings with key internal stakeholders
- a risk assessment to identify any significant risks.

Our approach is designed to assess:

- arrangements in place related to the specified criteria
- performance during 2013-14 and what that says about those arrangements
- any significant risks that we have identified.

Introduction

What is this context?

Nationally

The 2010 Spending Review set the Coalition Government's financial settlement for the four years to 2014/15, and the 2013 Review then covered 2015/16. By the end of this period, central funding to local government will have reduced by 35%.

2013/14 is the third year of councils having to deliver efficiency savings in response to the 2010 Spending Review and, given the 2013 Review and the budget statement in 2014, this will need to continue for the foreseeable future. Delivering these efficiency savings and maintaining financial resilience is becoming increasingly difficult, even for top-performing councils. The challenges include:

- responding to welfare reform; and
- the drive towards more integrated health and social care.

Demand for many demography-driven council services is expected to rise, whereas demand for some income-earning services is falling.

To fulfil their statutory requirements, councils must continue to provide certain services. But the opposing trends in funding and demand will create a sizeable funding gap, even if carefully managed. In short, the sector is working through its greatest financial challenge of recent times.

Locally

2012/13 was the second year of a two year budget strategy that required Blackburn with Darwen Council (the Council) to secure some £38.4 million in savings over the period in response to significant reductions in funding from central government. The Council achieved this reduction and continued to face further reductions in government funding.

In March 2013 the Council set a balanced budget for 2013/14 that included the need to achieve a further £13.1 million of savings alongside a provisional budget for 2014/15 that identified required savings of another £16 million.

Since then, the Council has revised its medium term financial strategy (MTFS) for the period 2014 – 17. This MTFS reflects the budget savings required based on guidance published to date and sets out that further savings of £19 million are required by 2015/16 and £28 million by 2016/17.

It is clear that significant challenges remain for the Council because the identification and securing of required savings is becoming increasingly difficult. The Council recognises that all services need to be reviewed to consider how they are provided and who provides them.

Now, more than ever, it is important that sound arrangements for securing Value for Money are in place and that the Council continues to manage its financial position closely.

Executive Summary

Overall Risk Assessment

We did not identify significant risks to the VfM conclusion during our planning. However, we identified two areas which we needed to consider further and respond to in the course of our work:

- Assessment of the updates to revenue budgets and the Medium Term Financial Strategy 2014 – 2017 in light of the most recent local government finance settlement and the comprehensive spending review
- Review the Council's joint working arrangements with its partners to implement the Better Care Fund.

Overall VfM conclusion

On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.

Key findings

Securing financial resilience

We have undertaken a review which considered the Council's arrangements against key indicators of financial performance and the three expected characteristics of proper arrangements, as defined by the Audit Commission:

- strategic financial planning
- financial governance
- financial control.

Overall our work highlighted that the Council has good arrangements in place to manage the financial risks and challenges that it faces.

Challenging economy, efficiency and effectiveness

We have reviewed whether the Council has prioritised its resources to take account of the tighter constraints it is required to operate within and whether it has achieved cost reductions and improved productivity and efficiencies.

Overall our work highlighted that appropriate arrangements are in place to help ensure that the Council delivers Value for money.

Executive Summary

We use a red/amber/green (RAG) rating with the following definitions.

Green	Adequate arrangements appear to be in place
Amber	Adequate arrangements, with areas for development
Red	Inadequate arrangements

Overview of arrangements

Risk area	Summary observations	High level risk assessment
Key Indicators of Financial Performance	<p>The Council's 2013-14 revenue outturn position was an overspend £1.161 million following a £10.275 million contribution to reserves. There was an underspend of £7.935 million against the updated planned capital programme of £60.027million with the 2014/15 capital programme amended for this slippage.</p> <ul style="list-style-type: none"> Overall, the Council's level of general fund balances increased to £12.763 million. This equates to 9% of the Council's net expenditure (2013-14) and helps provide cover for known future financial risks; Although the Council's working capital ratio has reduced from 1.19 in 2007-08 to just over 0.92 in 2013-14, it remains within acceptable levels; The Council's long term borrowing as a percentage of tax revenue has increased by 48.6% to 1.56 at 31 March 2013. This is a consequence of the increased PFI liability and is not indicative of a wider problem with borrowing levels; The Council achieved a collection rate of 96.03% for Council Tax (97.01% in 2012/13) and 97.3% for NNDR (97.1% in 2012/13); The Council target for working days lost to sickness absence per Full Time Equivalent (FTE) was 8 days for both 2012/13 and 2012/14. Actual sickness absence per FTE in 2012/13 was 11.35 days and decreased to 9.95 days in 2013/14. The current figure of 9.95 days remains higher than the average for all local government bodies of 8.8 days in 2012/13. 	Green
Strategic Financial Planning	<p>The Council updated the Medium Term Financial Strategy (MTFS) in March 2014 to cover the period 2014-2017. This strategy is subject to regular review by Members and is updated appropriately. .</p> <p>The current strategy is predicated on significant further savings being required . Some £63 million of further budget reductions are required by the end of 2016/17.</p> <p>The MTFS continues to build on the achievements of the Transformation Programme Board and Transformation Team that helped oversee the delivery of the savings required by 2013/14. The scale of further savings identified in the MTFS will require these arrangements to be continued in future years.</p>	Green

Executive Summary

Overview of arrangements

Risk area	Summary observations	High level risk assessment
Financial Governance	The Council continues to have sound financial governance arrangements in place. Members and Officers have an appropriate focus on the financial management process. The Council has effective budget monitoring and reporting arrangements in place so that variances are identified and reported to Members alongside the planned corrective actions. The Audit Committee provides adequate challenge on financial and governance issues.	Green
Financial Control	<p>The Council continues to have a robust approach to financial and performance management. This has helped to control spending and achieve the savings required to date.</p> <p>The Head of Internal Audit opinion in 2013/14 concluded the Council has adequate systems of risk management, control and governance in place and that these are being applied to an adequate standard.</p> <p>Robust risk management arrangements are in place and have contributed to the delivery of the planned savings programme.</p>	Green
Prioritising Resources	<p>Members and the Senior Management Team of the Council have demonstrated a clear understanding of the scale of the challenge needed to reshape the Council to ensure resources are prioritised and spending reductions achieved.</p> <p>Prior year savings targets have been achieved, a balanced budget has been set for 2014/15 and plans are in place to identify the required savings in 2015/16 and beyond.</p>	Green
Improving Efficiency & Productivity	<p>The Council has a good understanding of its comparative costs and has made effective use of benchmarking to help challenge performance and deliver vfm.</p> <p>The Council has met the challenge of delivering significant savings and has recognised that the achievement of future savings will depend on continued success in reprioritising services, including considering who will provide certain services going forward.</p>	Green
Management of Natural Resources	<p>The Council has a number of initiatives in place to demonstrate it is actively working to manage natural resources including having a carbon reduction strategy and action plan in place during 2013/14 that sets out key actions designated to Directors.</p> <p>A detailed Council energy policy is in place, however this was last updated in October 2004 and in 2007/08 the Council set a target to achieve a 25% reduction in carbon emissions by 2012/13 however this target was not met with a 15% reduction achieved.</p>	Green

Executive Summary

Next Steps

Area for consideration	Recommendation	Responsibility	Timescale	Management response
Key Indicators of Performance	Ensure further appropriate action is taken to achieve the Council target of 8 working days lost to sickness absence per Full Time Equivalent (FTE).	Head of HR and Legal Services	March 2015	Agreed
Strategic Financial Planning	Regularly update the MTFS to reflect the budget saving proposals agreed by Members for 2015/16 – 2017/18.	Executive Director (Resources and Transformation)	March 2015	Agreed
Financial Governance	The Council should ensure it continues to provide support to Members and Officers with responsibility for managing budgets given the significant financial challenges the Council faces.	Executive Director (Resources and Transformation)	March 2015	Agreed
Financial Control	Include a greater level of contingency in Internal Audit plans for future years given there has been a need to reduce planned coverage in each of the last two years.	Head of Audit, Assurance and Procurement	April 2015	Agreed
Better Care Fund	Ensure that the further actions set out in the Better Care Fund Plan are implemented to ensure delivery of the Plan.	Executive Director (People)	March 2015	Agreed
Managing Natural Resources	Update the Council Energy policy and action plan to reflect current issues and developments.	Director of Regeneration	March 2015	Agreed

Key Indicators of Financial Performance

Area of focus	Summary observations	RAG-Rating
Liquidity	<p>The working capital ratio indicates whether a council has sufficient current assets to cover its immediate liabilities. Although the Council's working capital ratio has reduced from 1.19 in 2007-08 to just over 0.92 in 2013-14, it is within acceptable levels</p> <p>The Council's collection rate performance for 2013 – 14 was slightly below target. The Council achieved collections rates of 96.03% for Council Tax and 97.3% for National Domestic Rates against long term targets of 96.5% and 97.7% respectively. Performance was broadly comparable with the performance achieved by the Council in 2012-13.</p>	Green
Borrowing	<p>The Council's long term borrowing ratio (as a percentage of tax revenue) has increased by 48.6 % to 1.56 by 31 March 2013. The increase in long term borrowing again largely relates to the Building Schools for the Future programme which aims to improve school buildings and facilities across the Borough. When the debt associated with the PFI schemes is excluded, the Council's remaining debt portfolio is relatively stable at some £144 million.</p> <p>The Council's long term borrowing to assets ratio is 0.39 at 31 March 2013. This has increased from 0.28 in at 31 March 2012. The value of assets held by the Council remains well in excess of long term borrowing levels.</p>	Green
Workforce	<p>The Council target for working days lost to sickness absence per Full Time Equivalent was 8 days for both 2012/13 and 2012/14. However, actual sickness absence per FTE in 2012/13 was 11.35 days, falling to 9.95 days in 2013/14. Current performance remains higher than the average for all local government bodies of 8.8 days in 2012/13.</p> <p>The Council has been taking action to address the level of sickness absence and this has contributed to the improved results. Further actions and interventions have also been undertaken in early 2014/15 with indications that this is helping to deliver further reductions in sickness absence</p>	Amber

Key Indicators of Financial Performance

Area of focus	Summary observations	RAG-Rating
Performance against budgets (Revenue Capital & Savings)	<p>The Council set a balanced budget for 13/14 requiring the delivery of £13.1m of savings. The revenue outturn position based on the original budget reports an overspend of £0.791 million compared to the original budget set of £142.887 million. The Council's 2013-14 final revenue outturn position was an overspend £1.161 million following a £10.275 million contribution to reserves.</p> <p>Capital spending during 2013/14 totalled £52.631 million against an approved updated budget of £60.027 million. Some 88% of the updated capital programme was delivered. The Council has agreed that slippage of £7.925 million should be carried forward and the 2014/15 capital programme has been amended to reflect this.</p>	Green
Reserves balances	<p>The Council increased the General Fund Balance by £4.542 million in 2013/14 from £8.221 million at 31 March 2013 to £12.763 million at 31 March 2014.</p> <p>The General Fund Balance at 31 March 2014 represents 9% of the revised net expenditure budget for 2013-14. This is above the Director of Finance's assessment which sets out that reserves of at least £5.5m are required to adequately manage the risks the Council continues to face.</p> <p>The usable reserves to gross revenue expenditure ratio was 0.07 at 31 March 2013, exactly the same ratio as the year before. In recognition of the financial challenges that lay ahead the Council has established a specific reserve of £6.532m to support future downsizing and transformation.</p>	Green
Schools balances	<p>Overall levels of reserves held on behalf of schools have increased by £2.905 million during the year to £15.006 million at the 31 March 2014. Two schools have a deficit budget at 31 March 2014 totalling £182,732.</p> <p>Managing schools balances remains a fine judgement because excessive balances are inappropriate as are on-going deficit budgets for individual schools. Carefully monitoring is needed to ensure school balances remain at an appropriate level for each individual school.</p>	Green

Strategic Financial Planning

Area of focus	Summary observations	RAG-Rating
<p>Focus of the MTFP</p>	<p>The Medium Term Financial Strategy (MTFS) 2014 – 2017 was approved by the Council in March 2014 alongside the annual budget. The MTFS is subject to annual update and roll forward in conjunction with the forthcoming year annual budget. The MTFS includes high level scenario planning clearly setting out the best and worst case scenarios alongside the most likely one. It also sets out the:</p> <ul style="list-style-type: none"> • assumptions and risks; • national and Local considerations; • areas of cost pressure and opportunities where those pressures maybe alleviated; and • results of consultation with stakeholders. <p>The MTFS takes into account relevant national legislative changes and issues and local challenges. For 2014 – 17 these include:</p> <ul style="list-style-type: none"> - continuing pressures across demand-led services; - full year cash flow implications of major capital schemes ; - the achievement of significant reductions in service levels; - the changes resulting from the Local Government Resource Review and the local retention of business rates; - Welfare reform and localisation of council tax benefit; and - NHS reform and the transfer of public health responsibilities. 	<p>Green</p>
<p>Adequacy of planning assumptions</p>	<p>To date, the Council has a proven track record of achieving its budget and delivering required savings.</p> <p>The key financial planning assumptions underpinning the MTFS include assessing the impact of spending pressures and include pay and price inflation, the costs of borrowing, local retention of business rates, the council tax benefit support scheme, and the impact of schools becoming academies or free schools.</p> <p>The Council continues to complete scenario planning as part of the MTFS 3 year forecasts. This sets out the impact of possible policy decisions and includes a calculation of the best, worst and likely scenario's.</p> <p>The Council continues to review its fees and charges annually.</p>	<p>Green</p>

Strategic Financial Planning

Area of focus	Summary observations	RAG-Rating
Scope of the MTFS and Links to Annual Planning	<p>The Council established the Transformation Programme Board and the "Transformation and downsizing team" to help assure the delivery of savings required 2011/12 - 2013/14 through service redesign and alternative service delivery models. The work will continue during 2014/15 to ensure the required future years savings are identified.</p> <p>The MTFS 2014 – 2017 and the 2014/15 annual budget outline how, in financial terms, the Council's plans to continue to drive service transformation and downsizing.</p> <p>The Council has continued to undertake consultation to help identify and confirm the corporate priorities. There is a clear linkage to these priorities in the MTFS.</p> <p>The MTFS clearly sets out the key assumptions which underpin it, and the risks these assumptions pose.</p>	<p style="text-align: center;">Green</p>
Review process	<p>A well established review process is in place to review and update the MTFS. It is formally approved in March each year alongside the budget for the forthcoming financial year..</p> <p>This regular review process is particularly important given the continuing significant funding pressures the Council faces.</p>	<p style="text-align: center;">Green</p>
Responsiveness of the Plan	<p>The Council is aware of the imperative for Members to maintain a close review of the continuing financial position and emerging pressures. This is important given the scale of the savings required by the end of 2015/16 and the further reductions of some £28 million in 2016/17.</p>	<p style="text-align: center;">Green</p>

Financial Governance

Area of focus	Summary observations	RAG-Rating
Understanding of the financial environment	<p>The Senior Management Team and the Executive Board understand the scale of the financial challenges facing the Council and monitor the financial position regularly. Corporate Budget monitoring reports are produced on a quarterly basis.</p> <p>The Council has a proven track record of delivering the budget without significant unplanned variances.</p> <p>Portfolio Executive Members continue to be advised by senior Council Officers around government policy initiatives and changes, and are aware of the potential financial implications.</p>	Green
Executive & Member Engagement	<p>The level of senior management and member level engagement in the financial management process remains appropriate.</p> <p>The Council continues to engage with residents, partners and stakeholders to determine local priorities that in turn inform the corporate strategy and financial planning.</p> <p>"Your Services, Your Call" events were held in the borough in 2012/13 where members and senior officers were available to speak and take questions. A range of other consultations has taken place and results were brought together to inform budget preparation and the development of the MTFs, most recently in the development of the local Council Tax support scheme. Consultation also took place in 2012/13 with residents and relevant organisational and groups as the Council sought to develop the Health and Well being strategy. Results from these consultation exercises were used to inform the budget strategy that ended at March 2013 and the subsequent strategy for the period 2013/14 – 2014/15.</p> <p>A training programme is in place for Members and this includes training on financial issues. Members of the Audit Committee have also attended specific training, for example on Treasury Management.</p> <p>The Audit Committee continues to provide adequate challenge and has appropriate terms of reference in place.</p>	Green
Overview for controls over key cost categories	<p>In-year financial forecasting remains good. Variances to budget are identified in a timely manner and are clearly identified in the corporate budget monitoring reports.</p> <p>The 2013/14 out turn reported an overspend of £1.089 million (0.86%) against portfolio cash limits and this position was subject to regular reporting throughout the year.</p>	Green

Financial Governance

Area of focus	Summary observations	RAG-Rating
Budget Reporting (Revenue & Capital)	<p>Comprehensive project and risk management arrangements have been in place to support the Council in the delivery of the required savings target. As a result, the Council achieved the 2 year budget strategy ending 31 March 2014 requiring the delivery of some £38m of savings.</p> <p>Capital spending during 2013/14 totalled £52.631 million against an approved updated budget of £60.027 million. Some 88% of the updated capital programme was delivered compared to 95% in 2012/13. The Council agreed that slippage of £7.925 million should be carried forward and the 2014/15 capital programme has been amended.</p>	Green
Adequacy of other Committee Reporting	<p>The Council has appropriate reporting arrangements in place with quarterly Corporate budget monitoring reports provided to the Executive Board.</p> <p>Monthly portfolio budget monitoring reports are prepared and provided to Executive Members and are subject to close review. Reports clearly set out both the Capital and Revenue positions with explanations provided for any significant variances.</p>	Green

Financial Control

Area of focus	Summary observations	RAG-Rating
Budget setting & monitoring - revenue & capital	<p>The Council has a good track record of monitoring and delivering the revenue budget. However, there was some slippage against the capital programme reported in the 2013/14 capital out-turn report.</p> <p>The Council's well established budget setting processes encourage ownership from budget holders.</p> <p>The Council has a good track record in managing budgets on a service by service basis.</p> <p>In year forecasting remains good with portfolio spend being contained to an aggregate variation of just 0.86%.</p>	Green
Savings plans setting & monitoring	<p>The Council has a proven track record in the delivery of required savings.</p> <p>The transformation programme, which commenced in 2010/11, helped the Council deliver savings during 2011/12 and 2012/13 of some £38.4 million. The Transformation Board has overseen the delivery of savings through service redesign and alternative service delivery models.</p> <p>The Council set a balanced budget for 2013/14 that required further savings of £13.1 million. Given the projections set out in the MTFS, senior officers have been working with the Leadership and Executive Members to draw up plans for the next 3 year budget strategy covering 2015/16 – 2017/18.</p>	Green
Key financial accounting systems	<p>The Council has systems and procedures in place to produce reliable financial monitoring and forecasting information. This is used alongside related performance information to support decision making.</p> <p>The overall opinion issued by Head of Internal Audit in 2013/14 concludes that the Council has adequate systems of risk management, control and governance in place and that these are being applied to an adequate standard.</p> <p>Work undertaken by Internal Audit during the year included reviews of the key financial systems. In 2013/14, some weaknesses in systems and procedures were reported in respect of Payroll, Housing Benefits and Debtors, with the Internal report on payroll setting out 19 recommendations. Action plans have been agreed and we understand that the implementation of recommendations is progressing.</p> <p>External Audit did not report any significant system weaknesses.</p>	Amber
Finance department resourcing	<p>The financial skills and capacity of the finance team and senior managers in 2013/14 was good. However, the Council has agreed some changes to the structure of the department and this will lead to some changes in roles and responsibilities in the second half of 2014/15.</p> <p>To date, financial reporting and accounts production has been completed to a good standard. As a result, no amendments were required to the 2012/13 draft statements during the audit processes. The 2013/14 audit process has also gone well to date.</p> <p>There is a training programme in place for Members which includes finance training. Members of the Audit Committee have also attended specific training for example on Treasury Management.</p>	Green

Financial Control

Area of focus	Summary observations	RAG-Rating
<p>Adequacy of Internal audit arrangements</p>	<p>In 2013/14 we concluded that Internal Audit (IA) continues to provide an independent and satisfactory service to the Council and that IA work contributes to an effective internal control environment.</p> <p>A comprehensive risk based Internal Audit Plan is developed annually after consultation with service managers and others. The 2013-14 plan was subject to a significant revision in January 2014. The Audit & Assurance Plan approved by the Audit Committee on 16 April 2013 anticipated that Audit & Assurance would have staff resources available to deliver 1,241 days. However, due to a number of contributory factors the team was able to deliver a total of 945 days (76%). As a result, they completed 99 out of 123 planned assignments. This included all of the assignments categorised as priority one thus ensuring sufficient coverage of key areas and risks.</p>	<p>Green</p>
<p>External audit conclusions</p>	<p>Our 2012/13 Audit Findings Report and Annual Audit Letter did not contain any formal recommendations. We made a small number of recommendations within the Financial Resilience report and the Council agreed to a series of actions in response .</p> <p>External audit are provided with regular updates through the year from regular meetings with the Director of Finance and senior finance staff.</p> <p>We have not been required to undertake formal reporting actions during the year.</p>	<p>Green</p>
<p>Assurance framework/risk management processes</p>	<p>Officers and members can clearly demonstrate a full understanding of the financial implications of the risks facing the Council. Appropriate actions have been identified at an early stage and their implementation has enabled the Council to achieve the savings required to date.</p> <p>Strong and comprehensive risk management arrangements are in place across the Council. These have underpinned the delivery of the required savings and service transformation.</p> <p>The financial implication of risks are also considered as part of the process for risk assessing the adequacy of general reserves</p>	<p>Green</p>

Prioritising Resources

Area of focus	Summary observations	RAG-Rating
Leadership and challenge in prioritising resources	<p>Members and the Senior Management Team of the Council have clearly demonstrated that they appreciate the scale of the challenge to reshape the Council to ensure that resources are prioritised and spending reductions achieved.</p> <p>Savings targets have been achieved, a balanced budget has been set for 2014/15 and plans are in place to identify the required savings in 2015/16 and beyond.</p>	Green
Better Care Fund	<p>The Council continues to work closely with Blackburn with Darwen Clinical Commissioning Group in developing plans around the Better Care Fund.</p> <p>The pooling of funds across health and social care is expected to come into effect in 2015/16 and will be utilised to create a significant opportunity to transform the way that services are commissioned. The Better Care Fund Plan sets out seven high risk areas where further actions are required to be implemented to mitigate the risks of non delivery including determining that sufficient management capacity is maintained to successfully implement and progress the Better Care Fund.</p>	Amber
Consultation with key stakeholders	<p>The Council have undertaken regular public surveys and consulted to help inform financial decision making. Questionnaires and on line surveys have been conducted in respect of savings needed to determine what matters to the public. Extensive consultation took place with the local community and other stakeholders as part of the budget setting exercise for 11/12 and 12/13 .</p> <p>The Council has also consulted extensively when developing its Local Council Tax Support scheme. This consultation also covered increased charges for second homes and empty properties, and asked respondents to identify areas for investment and disinvestment. The views of all these groups have been taken into account when preparing the Council's two year budget strategy for 2013/14 and 2014/15.</p>	Green
Basis for decision making	<p>The Council has a detailed Data Quality Policy in place that was last updated in January 2013.</p> <p>The Council has a good understanding of its comparative costs (including unit costs) and spending. The impact of external factors such as deprivation levels have been assessed and managers and members use this information to better understand the links between costs and the outputs and outcomes achieved.</p> <p>The Council has a detailed understanding of costs and performance, informed by comparative data. The Council has made use of benchmarking and unit cost information to challenge performance and vfm in key priority areas. It has a good record of challenging high spending and takes action to deliver cost reduction. This is evidenced by decisions to bring services back in house where it is appropriate to do so.</p> <p>The Council has a framework in place to oversee data quality with arrangements for collecting, recording and reporting data integrated into business planning and management processes.</p>	Green
Understanding impact and outcome of decisions	<p>The Council implemented an efficiency strategy in 2008/09 through to 2011/12 designed to achieve efficiencies whilst continuing to deliver first class services. The strategy brought a number of plans and strategies into a more cohesive assessment framework.</p> <p>Equality Impact Assessments continue to be completed in relation to the most important decisions .</p>	Green

Improving Efficiency & Productivity

Area of focus	Summary observations	RAG-Rating
Understanding costs	<p>We have previously concluded that the Council has a good understanding of its comparative costs (including unit costs) and spending.</p> <p>The Council makes effective use of benchmarking and unit costs to challenge performance and help deliver vfm in key priority areas. As a result of challenging high spend areas, some services were outsourced to Capita. However, the Council kept these outsourced services under review in terms of both costs and performance and has recently brought some of them back in house.</p>	Green
IT Systems and Data quality	<p>Our high level assessment of IT arrangements did not identify any significant issues.</p> <p>Internal Audit completed a review of Information Governance and issued a limited assurance report in January 2013. We understand that corrective action has been agreed and implemented during the year.</p> <p>The Council has a detailed Data Quality policy in place setting out the framework for recording, monitoring and reviewing performance information. It was last reviewed and updated in January 2013.</p>	Green
Delivery of Savings and service re-design	<p>The Council has met the challenges of delivering significant financial savings.</p> <p>2012/13 was the second year of a two year budget strategy that saw the Council achieve £38.4 million of savings. The Council set a balanced budget in 2013/14 and achieved further £13.1 million of savings by March 2014.</p>	Green
Effectiveness of key services	<p>The Council has arrangements in place to closely monitor service performance of key services. The Care Quality Commission inspections undertaken during 2013/14 of the Council's adult provider services did not identify any areas of non – compliance.</p>	Green

Management of Natural Resources

Area of focus	Summary observations	RAG-Rating
Management of Natural Resources	<p>The Council has a number of initiatives in place to demonstrate it is actively working to manage natural resources including:</p> <ul style="list-style-type: none">• a carbon reduction strategy and action plan was in place during 2013/14 that set out key actions designated to Directors. This strategy included baseline CO2 emission data and associated energy costs;• Carbon management is overseen by a Steering Group and is supported by a project team who deal with energy monitoring;• the Council launched a collective energy switching scheme called 'People Power'. It is led by the 13 local councils and could see energy savings of up to £250 per household over the year;• a detailed Council energy policy is in place, however this was last updated in October 2004; and• the Council sets an annual target to reduce carbon emissions by 10% from the preceding year and this target was met in 2013/14.	Green



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