



Accountants &
business advisers

Three Rivers District Council

Use of Resources

February 2008

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1 Executive Summary

- 1.1 This report summarise the findings from the Use of Resources work that we have completed during 2007 in support of our Value for Money conclusion on the 2006/07 statement of Accounts. There are two aspects to this work, a Use of Resources assessment against the Key Lines of Enquiry and the Council procedures for maintaining Data Quality.

Key lines of Enquiry

- 1.2 The use of resources assessment is an annual assessment of how well a council manages its financial resources. It looks at how financial management is integrated with strategy and corporate management, supports council priorities and delivers value for money.

Judgements for 2007

- 1.3 The Council has achieved an overall use of resources score of 3 as “performing well”, i.e. at a level above the minimum requirements. The table below shows the movement in the five theme scores since our previous assessment.

Use of resources theme	2005 Score	2006 Score	2007 Score
Financial reporting	2	3	3
Financial management	2	2	3
Financial standing	2	2	2
Internal control	2	3	3
Value for money	2	2	2
Overall use of resources (weighted average)	2	2	3

Overall conclusion

- 1.4 The Council’s overall score of level 3 “performing well” is an improvement from the prior year’s assessment. The score improved because a number of new procedures are in place this year and also because of the embedding of other improvements that could not be recognised within the previous assessment.
- 1.5 The Council now has a good overall score at level 3 from which it can develop and enhance procedures to progress further. The key findings from our work are set out in section 2 below.

Data Quality

- 1.6 Local authorities need reliable, accurate and timely information with which to manage services, inform users and account for performance. Good quality data is the essential ingredient for reliable performance and financial information. The data used to report on performance must, therefore, be fit for purpose, representing an organisation's activity in an accurate and timely manner.
- 1.7 The Audit Commission requires external auditors to review the arrangements established by local authorities for ensuring data quality as part of their annual conclusion on organisations’

arrangements for securing economy, efficiency and effectiveness in their use of resources (known as the 'value for money' or 'VFM' conclusion').

- 1.8 We have reviewed the management arrangements established by Three Rivers District Council ('the Council') for ensuring data quality in accordance with the Audit Commission's methodologies.

Overall conclusion

- 1.9 Our key findings are summarised in Sections 2 and 3. Areas of improvement that the Council may wish to consider include:
- Improvement in defining the responsibility for data quality, including the allocation of strategic responsibility and the corporate commitment to data quality
 - Building data quality into the job descriptions, where relevant, of more junior officers of the council
 - The further development of clear data quality objectives, including the use of data quality objectives that are linked to business objectives
 - The further development of the data quality policy to ensure it covers all areas, supports overall data quality objectives and helps meet national standards.

Acknowledgement

- 1.10 We would like to thank the Council for the co-operation and assistance provided in advance of and during the course of the review.

2 Key Lines of Enquiry

2.1 The Key lines of Enquiry judgements focus on the importance of having sound and strategic financial management to ensure that resources are available to support the Council's priorities and improve services. It covers the following themes:

- Financial reporting
- Financial management
- Financial standing
- Internal control
- Value for money

2.2 The assessment criteria used have not been subject to revision from those used in the previous assessment, although a number of the criteria have assumed 'must have' status for the first time to further improve the differentiation between the levels of performance.

Scoring and self assessment review

2.3 Each theme consists of a number of sub-theme assessment criteria that form the areas of audit focus and evidence. For four of the themes the criteria include elements that are indicated as 'must haves', introduced to phase in those criteria where the achievement of them is considered to be more demanding. The general requirement is that failure to meet any of these "must have" criteria prevents the Council from achieving that level for a sub-theme judgement.

2.4 The fifth theme (value for money) does not use any 'must have' criteria but rather is assessed on a 'best fit' basis as it is not underpinned by a body of professional standards and guidance, making the assessment necessarily more judgemental in nature.

2.5 The Council completed a self assessment of its arrangements against a number of the criteria, being specifically those areas where improvements made in response to the prior year action plan may have an impact on the overall use of resources judgement.

2.6 We have used this self assessment, supplementary evidence, our knowledge of the Council, enquiries of officers and comparative performance data to score each assessment criteria to determine which level most closely matches your Council's performance. The overall score is based on combining auditors' scores for each of the areas in line with the following scale:

Level (score)	Performance
1	below minimum requirements – inadequate performance
2	only at minimum requirements – adequate performance
3	consistently above minimum requirements – performing well
4	well above minimum requirements – performing strongly

Quality assurance and consistency

2.7 The assessment scores are subject to quality assurance processes to ensure consistency on a local, regional and national basis. Internally PKF operates a forum where individual auditor judgements are compared, contrasted and challenged. This is complimented by a wider

consistency forum attended by the appointed auditors of a number of district councils to provide another layer of challenge and comparison, with the aim of achieving consistency in approach and assessment across audit suppliers.

- 2.8 Finally the scores and assessment are reviewed by National Quality Assurance Panels providing risk based challenge including areas where there has been the use of auditor discretion.

Financial reporting

- 2.9 The published accounts of the Council are an essential means by which it accounts for its stewardship of the resources at its disposal and its financial performance in the use of those resources. The financial reporting theme has been assessed as a “3” performing well, which is consistent with the prior year. The sub theme scores are as follows:

Sub theme	2005 Score	2006 Score	2007 Score
Publication of annual accounts in accordance with relevant standards and timetables	2	3	3
Promoting external accountability	2	3	3

Publication of annual accounts in accordance with relevant standards and timetables

- 2.10 The Council has good arrangements in place for preparing and publishing the annual statement of accounts and has maintained its processes for producing, and for ensuring the quality of, its accounts. The 2006/07 year end audit was completed without a significant number of accounting adjustments being identified, the working papers provided in support of the accounts were comprehensive and follow up of audit queries was good.
- 2.11 Scrutiny of the financial statements is good, as evidenced at the audit committee where the accounts were approved. The Committee review is supported by a paper that provides an explanation of the accounts, including the main issues, and also provides members with budgetary outturn positions to allow them to put the accounts information into context.

Promoting external accountability

- 2.12 The Council has continued to demonstrate good processes for promoting its external accountability and has again been assessed at level 3 for this sub-theme. The Council is committed to promoting external accountability, with its statutory accounts and Annual Audit Letter published as required and Committee papers available on the website.
- 2.13 It has also taken steps to obtain details from stakeholders of what they would want to see in an annual report, and used this to produce an appropriate annual report for publication to all residents of the District.

Financial management

- 2.14 Financial management is the system by which the financial aspects of an organisation's business are directed and controlled to support the delivery of the strategic and operational

goals. It is critical to service improvement and impacts on how national funding of local government is used to deliver national priorities, on the relationship between national funding and local accountability, on the availability of resources for investment and on the cost-effectiveness of local government services.

- 2.15 Overall, the financial management theme has been assessed as a “3” (performing well). The sub theme scores are as follows:

Sub theme	2005 Score	2006 Score	2007 Score
Financial strategy is sound and designed to deliver strategic priorities	2	3	3
Performance against budgets is properly managed	2	2	2
The Council's asset base is well managed	1	2	3

Financial strategy is sound and designed to deliver strategic priorities

- 2.16 Overall financial management arrangements are sound and the Council has a strong medium term financial strategy process which is embedded and integrates well with the service planning processes. It has therefore again been assessed at level 3 for this sub-theme.
- 2.17 Revenue budgets are prepared annually to an annual budget strategy with budgets being rolled forward based on the prior year, but linked to the objectives within both the corporate and individual service plans and risk assessments of the material items of income and expenditure. The council also ensures that the key messages from the medium term financial strategy are effectively communicated to staff and stakeholders as appropriate.

Performance against budgets is properly managed

- 2.18 The Council's budget setting and monitoring processes are considered adequate, as there are regular revenue and capital monitoring reports presented to both the Committees and Cabinet, with some non-financial information also being reported and acted upon.
- 2.19 One of the required criteria for level 3 is that no significant departmental under or over spends have occurred that were not identified as a potential risk in developing the Council's reserves strategy. There have been significant underspends against budget in three of the past four years that have not been identified in advance.
- 2.20 Whilst action has been taken to improve budget setting processes and monitoring of budget to actual, with the position being more accurately forecast throughout the year, this criteria cannot yet be said to have been met. Therefore, arrangements have only been assessed at level 2 for this sub theme.
- 2.21 The key areas where additional improvements can be made to assist the Council in achieving level 3 status:
- the need to continue to develop the budget monitoring processes to ensure becomes more forward looking, such that the significant majority of budgetary variances are identified during the course of the year

- the Council should ensure that during the budget setting process it considers the possibility of over and under spends and has regard to these when developing its reserves strategy.

The Council's asset base is well managed

- 2.22 The Council has continued to make improvements in this area, ensuring that the assessment of the level of backlog maintenance is up to date, updating both the capital strategy and asset management plan and introducing whole life costing and option appraisal into the decision making process. As a consequence there has been an improvement in scoring from 2 in 2006 to 3 in 2007.

Financial standing

- 2.23 Councils are required to conduct their financial affairs appropriately and to put in place proper arrangements to ensure that its financial standing is soundly based. The financial standing theme, for which there is only one sub theme, has been assessed as a level 2 (adequate performance).

Spending is managed within the available resources

- 2.24 The Council continues to manage its spending within the available resources and there are sound arrangements to maintain proper financial standing. However, in recent years the Council has consistently significantly underspent against budget, principally a result of the previous budget setting arrangements which were derived from prior year budgets, rather than outturns and the corporate and service business plans.
- 2.25 Whilst there has been a reduced underspend in 2006/07, the new arrangements, referred to under "financial Management" above, are insufficiently embedded to allow the award of a 3 overall. Although variances against budget are being identified and reported on a timely basis, not all variances are known until the end of the year when "committed" budgets are released if not spent.
- 2.26 The council has also improved the level of information available on debt recovery, by including additional details on the associated costs and recovery options available. Although, again, these arrangements have not been in place for sufficient time to consider them embedded.
- 2.27 The key areas where additional improvements can be made to assist the Council in achieving level 3 status:
- the continued implementation, and refinement, of the recently introduced process of monitoring of the debt recovery process
 - that reserves policies reported to members are fully based on an understanding of the authority's needs and risks.

Internal control

- 2.28 Councils are required to develop and implement systems of internal control, including internal financial controls, to manage significant business risks and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. The internal control reporting theme has again been assessed as level 3 (performing well), which is consistent with the prior year. The sub theme scores are as follows:

Sub theme	2005 Score	2006 Score	2007 Score
Significant business risks are properly managed	2	2	3
There is a sound system of internal control	3	3	3
There are arrangements to ensure probity and propriety in the conduct of business	2	3	3

Significant business risks are properly managed

- 2.29 The Council continues to make progress with the management of its significant business risks, with the strategy being subject to regular review and update, regular progress reports on risk management being taken to members and the impact of risks linked through to both corporate and service objectives. The process has been extended to consider the risks in relation to the significant partnerships with which the Council is involved, and as a result the assessment for this sub theme has improved to a level 3, performing well.

There is a sound system of internal control

- 2.30 The Council continues to have a good framework in place to maintain a sound system of internal control and has again been assessed at level 3 for this sub-theme. The Council currently has an effective internal audit function, with prompt action being taken to address identified weaknesses, together with annual reviews of the effectiveness of the system of internal control, and a high level assurance framework, to support the disclosures made with the Statement on Internal Control.

There are arrangements to ensure probity and propriety in the conduct of business

- 2.31 The Council continues to be assessed at level 3 for this sub-theme as there are strong arrangements in place to ensure probity and propriety in the conduct of business. These included continued work to promote an anti-fraud and corruption culture, appropriate fraud and whistle-blowing policies and there is a detailed process in place to ensure review and detailed follow-up of potential frauds identified through past NFI data matching processes.

Value for money

- 2.32 Value for money is defined as the relationship between the three aspects; economy, efficiency and effectiveness, sometimes known as the “value chain”. Value for money is high when there is an optimum balance between all three aspects – relatively low costs, high efficiency and successful outcomes.

- 2.33 The overall value for money theme has been assessed as a “2” adequate performance, which is consistent with the prior year. The movement in the sub theme scores are as follows:

Sub theme	2005 Score	2006 Score	2007 Score
Council currently achieves good value for money	2	2	2
Council manages and improves value for money	2	2	2

The Council currently achieves good value for money

- 2.34 Whilst the Council has consolidated its performance in this area, the time elapsed since the previous assessment has not been sufficient to allow enough progress to be made to move performance up to level 3, and the Council has therefore again been assessed at level 2 for this sub-theme.
- 2.35 An overall comparison of the Council's costs, compared to its family group, indicates that the Council continues to have some costs that are above average, with one of the highest levels of relative expenditure compared to nearest neighbour group. The following areas have notably higher costs, Waste collection (the second highest for the group), Street cleaning, Parking, Central services and Local tax collection.
- 2.36 Whilst these areas of higher cost continue to reflect the identified priorities for the Council, it has not fully demonstrated the extent to which spending in these priority areas has shown either notable improvement in performance or that costs are being reduced in the medium term. We do note that there is an exception with Waste Collection, as there has been a significantly improved level of performance (particularly with regard to recycling).
- 2.37 Performance, as measured by performance indicators, is generally improving, although there also continues to be a sufficient number of lower performing key performance indicators for the Council to fall short of the level of 'performing well' assessment.
- 2.38 Overall the Council has not documented that spending in all priority areas represents best value beyond asserting that it is a deliberate decision to invest in those areas. On that basis, value for money outcomes are not always sufficiently evident.
- 2.39 Delivery of the capital programme has continued to suffer some delays, although as a result of steps taken to strengthen internal processes, these delays are being minimised and are often driven by external factors. All major projects require a full cost analysis and risk assessment to be performed and include clear links to priorities included in the Corporate plan and medium term financial strategy.
- 2.40 In order to improve performance to level 3, the Council should ensure that:
- cost pressures continue to be managed in order to reduce the Council's overall cost of services
 - it achieves higher performance and improved outcomes in those areas that have been identified as key priorities

- service performance in key performance indicators continues to be above average or in the top quartile, with any areas of below average performance being addressed.

The Council manages and improves value for money

- 2.41 The Council continues to consolidate its performance in this area, although once again the time elapsed since the previous assessment has been insufficient to allow the Council move up to level 3 and it has therefore again been assessed at level 2 for this sub-theme.
- 2.42 The Council has made further progress in developing its arrangements for improving value for money, primarily through the implementation of its value for Money strategy, the arrangements are not yet considered to be fully embedded in the performance management arrangements. Although the VFM Strategy has allowed the Council to progress, it has not yet fed through tangible outcomes or demonstration in improvement in value for money.
- 2.43 This challenge process would be assisted by a programme of internal service reviews, similar to those that have been completed in the past, and which have been effective in delivering improvements.
- 2.44 In order to improve performance, the Council should ensure that:
- through a programme of internal service reviews ensure there is effective monitoring and challenge on value for money, with results that lead to effective change in processes
 - it embeds the consideration of the impact of decisions on the achievement of value for money within the performance management framework, (which may include an assessment of whether projects have fulfilled their objectives)
 - information available on the promotion of access to services across the community is used to demonstrate that the Council is delivering equity of access
 - whilst the opportunities for external funding continue to be limited, a strategy should be developed for increasing the opportunities to secure such funding.

3 Data quality

- 3.1 External auditors are required to reach a conclusion on Councils arrangements for securing economy, efficiency and effectiveness in the use of resources (VFM conclusion). The VFM conclusion is based on 12 criteria, one of which applies to the “arrangements for monitoring and reviewing performance, including arrangements to ensure data quality”.
- 3.2 To support our VFM conclusion, and to undertake work mandated by the Audit Commission, external auditors have completed a review of data quality. This involves a three stage process:
- Stage 1: Management arrangements review.
 - Stage 2: Analytical review
 - Stage 3: Data quality spot check
- 3.3 Our audit work has focused on stage 1 of the above process, due to its direct impact on our Value for Money conclusion, and has been undertaken on the arrangements in place as at, and during the year to, 31 March 2007. The work on stages 2 and three has been performed by your incoming auditor (Grant Thornton) and will be subject to reporting by them.

Management arrangements

- 3.4 The objective of this work is to determine whether corporate management arrangements for data quality are in place, and whether there is evidence to demonstrate that these are being applied in practice. In coming to our conclusion on the corporate management arrangements for data quality, we have used evidence obtained from the following sources:
- the results of the previous year's review of data quality;
 - our current knowledge of the Council and its arrangements;
 - document review
 - interviews and discussions with officers, including the Head of Policy and Performance.
- 3.5 Our overall conclusion is that the Council performs adequately in establishing arrangements at the minimum level specified by the Audit Commission for securing the quality of its data. This is the same as the conclusion reached in 2005/06. As a result of this the external auditor's VFM conclusion was a positive one in terms of the Council's 2006/07 accounts.
- 3.6 The main findings arising from our work are shown below, under the headings used to reach our conclusion, indicating where there is scope for the Council to develop its arrangements further.

Governance and leadership

- 3.7 Our work considered the extent to which the Council has put in place a corporate framework for the management of, and accountability for, data quality, as well as the commitment to

establishing a culture of data quality throughout the organisation. We have concluded that the Council's arrangements in this area are sufficient to meet the minimum levels specified by the Audit Commission.

- 3.8 The current internal arrangements provide for some leadership and accountability to help promote a consistent approach across the Council, although these arrangements would be improved through data quality issues being reflected in service plans.
- 3.9 While the Council is able to demonstrate that it conducts ad hoc reviews of data quality as issues arise, it does not have a framework for ongoing monitoring and review, relying on the system validation checks and some level of management overview. Data quality issues have been considered by senior management and members, although this is ad-hoc and not part of a formalised approach to improving data quality. In addition, there is no risk assessment of data quality through the service plans and the Council should consider implementing a more systematic and risk-based approach to monitoring data quality.
- 3.10 Areas in which the Council could improve include:
- Improvement in defining the responsibility for data quality, including the allocation of strategic responsibility and the corporate commitment to data quality
 - The further development of clear data quality objectives, including the use of data quality objectives that are linked to business objectives
 - The extension of arrangements for monitoring and review of data quality to include reporting and assessment of risk to those charged with governance.

Policies and procedures

- 3.11 We have considered the extent to which the Council has put in place appropriate policies and procedures to help ensure the consistent achievement of data quality across the Council. We have concluded that the Council's arrangements in this area are sufficient to meet the minimum levels specified by the Audit Commission.
- 3.12 The Council has established many aspects of the necessary policies, procedures and guidance that are needed to ensure the quality of data recorded and reported. This includes some policies and guidance at an operational level for those that are working with data on a day to day basis. However, we found that the policy has not yet been effectively communicated and the policy could be made more comprehensive, for instance by including reference to national standards, partnership working and by taking account of its impact on different departments.
- 3.13 We found that staff are aware of, and have access to, the operational procedures and guidance notes that are available. The Council seeks to ensure that staff are kept informed of changes to guidance and procedures through the performance management system and system support staff. This could be improved by ensuring that there are appropriate mechanisms in place to monitor compliance and deal with any failures.

Systems and process

- 3.14 Systems and processes in place at the Council for securing the quality of data are adequate, with appropriate systems in place to record data, supported by a range of effective controls and other security arrangements.
- 3.15 The performance management systems have been set up to report data on a timely basis, and have recently been reviewed to identify improvements that can be made to both the computerised and manual aspects.
- 3.16 Audit trails are maintained of the manual data, backing spreadsheets and other data within the performance management system. Although these are being enhanced, there is further scope to improve the process by ensuring that commentary is completed with a view to providing analysis and enhancing the management information outputs.
- 3.17 We have previously noted the need to put in place protocols for partnership data sharing and note that the Council has not yet addressed this issue. Formal data sharing protocols, specifying the responsibilities of partners to provide data which is 'fit for purpose' should be developed.
- 3.18 Other areas in which the Council could improve include ensuring:
- that performance management systems produce appropriate accurate, reliable, valid, timely and complete information on a right first time basis
 - that all systems have appropriate controls to minimise error, manipulation and erroneous data entry
 - that systems used for data collection are reviewed to secure, performing appropriately and include up to date procedure notes

People and skills

- 3.19 While the roles and responsibilities for data quality are generally communicated to senior management, service heads and relevant staff, they are less well defined and documented at lower levels, which may have an impact on the overall application across the Council.
- 3.20 The availability of guidance and coaching from the central team has helped in the informal dissemination of data quality issues, including training issues, to staff. There is a need to develop this arrangement further to include training and ensure that weaknesses and changes in policies and procedures are adequately reflected across other departments.

Data use and reporting

- 3.21 Our review has indicated that the Council has put in place effective controls over data reporting and that the data supporting performance information is also used to manage and improve the delivery of services.
- 3.22 Performance information is being regularly used to identify deviations from the planned level of performance, and ensure action is taken to address shortfalls. There needs to be some

development of this to ensure that service delivery issues are appropriately considered together with some assessment of the quality of the service provided.

- 3.23 The Council's procedures for data reporting ensure that the data accuracy is verified and reviewed for senior approval prior to issue. However, there is some need for improvement in procedures as there is no evidence of a formal documented process or the effective quality assurance of the audit trail confirming accuracy of all externally reported data.

Appendix A - KLOE 2008 key changes

Level	KLoE	New	Now Bold	Revised
1. FINANCIAL REPORTING				
1.1 The council produces annual accounts in accordance with relevant, standards and timetables, supported by comprehensive working papers				
2	The auditor gave an unqualified opinion <i>in the published statements</i> .			3
1.2 The council promotes external accountability				
2	The agenda, reports and minutes for meetings of full council, committees and scrutiny panels are made available to the public) on a timely basis and <i>in accessible formats appropriate to comply with duties under the equalities legislation</i> .			3
3	The most recent published accounts, annual audit letter, agenda, reports and <i>minutes for meetings of council, committees and scrutiny panels are made available to the public on the council's website on a timely basis and in accessible formats appropriate to comply with duties under the equalities legislation</i> .			3
4	The council publishes <i>in accessible formats</i> an annual report or similar document which includes summary accounts and an explanation of key financial information/technical terms designed to be understandable by members of the public.			3
4	The annual report or similar document includes information and analysis about the council's environmental footprint	3		
2. FINANCIAL MANAGEMENT				
2.1 The council's medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities				
2	<i>The council is undertaking equalities impact assessments of its strategies and understands the effect and impact these will have on its diverse population.</i>	3		
2	The medium-term financial strategy models income and expenditure <i>and resource requirements</i> over a minimum of three years and is reviewed and updated at least annually			3
3	The corporate business plan projects forward at least three years and takes account of each of the following: <ul style="list-style-type: none"> • stakeholder and partner views • external drivers, including funding variations and requirements to improve efficiency • capital investment plans and their revenue implications • risk assessments and financial contingency planning • sensitivity analysis • expected developments in services. 		3	

Level	KLoE	New	Now Bold	Revised
3	Budgets are linked to : <ul style="list-style-type: none"> the medium-term financial strategy and high level budgets for future years within this business and activity plans <i>operational activity indicators that are lead indicators of spend</i> risk assessments of material items of revenue and capital income and expenditure, 		3	
3	The council regularly reviews financial management arrangements to ensure that they remain 'fit for purpose', and keeps the financial services function under review to consider capacity, resourcing and training needs.		3	
2.2 The council manages performance against budgets				
3	The council's financial information systems have flexible reporting tools to enable specialist reports to be designed.		3	
3	Informative profiled financial monitoring reports are received by all budget holders <i>soon after the month end</i> enabling managers to respond to issues in a timely way.			3
3	The council's budget monitoring is: <ul style="list-style-type: none"> related to operational activity indicators that are lead indicators of spend; and informed by a risk assessment. 			3
2.3 The council manages its asset base				
3	The council's asset management plan provides clear forward looking strategic goals for its property assets that shows how the council's land and buildings will be used and developed to help deliver corporate priorities and service delivery needs, now and in the future. The plan shows how property assets will be maintained, modernised and rationalised to ensure that they are fit for purpose.	3		
3	The council maintains a record of all of its land and buildings that contains accurate data on its efficiency, effectiveness, asset value and running costs which can be used to support decision making on investment and disinvestment in property.	3		
4	Performance measures and benchmarking are being used to describe and evaluate how the council's asset base contributes to the achievement of corporate and service objectives, including improvement priorities, <i>sustainability objectives and set challenging targets for improvement.</i>			3
4	The council fully integrates asset management planning with business planning at corporate and service levels. The role and contribution of property is explicit in business plans such as flexible working policies, ICT plans and customer access strategies.	3		

Level	KLoE	New	Now Bold	Revised
4	The council uses its property portfolio as an enabler of change. It understands the opportunity cost of its property and exploits this to deliver better value for money and benefits for the local community.	3		
4	The council integrates the management of its asset base with others for example, third sector and local public agencies to identify opportunities for shared use of property and to deliver seamless cross-sector, cross-agency and community based services to users.	3		
4	The council challenges whether all its assets are required, are fit for purpose and provide value for money to meet current and future needs by monitoring property performance and undertaking periodic property reviews. The council rationalizes or disposes of under-performing or surplus assets.	3		
3. FINANCIAL STANDING				
3.1 The council manages its spending within the available resources				
2	The council <i>keeps its treasury management strategy under review and monitors performance against it. The strategy reflects the requirements of the CIPFA Code of Practice for Treasury Management in the Public Services.</i>			3
3	The council's policy for reserves and balances is based on a thorough understanding of its needs and risks, which is properly and clearly reported to <i>and agreed by members. The approved level of balances is adhered to and ensures the council's financial standing is sound and supports the council in the achievement of its long term objectives.</i>			3
3	The council's targets for income collection and recovery of arrears stretch performance and their achievement is monitored with appropriate corrective action taken during the year to achieve the targets.	3		
4	The council sets challenging targets for a comprehensive set of financial health indicators, monitors performance and has a good track record of achieving these targets.			3
4. INTERNAL CONTROL				
4.1 The council manages its significant business risks				
2	The risk management strategy/policy requires the council to: <ul style="list-style-type: none"> • identify corporate and operational risks • assess the risks for likelihood and impact • identify mitigating controls • allocate responsibility for the mitigating controls. and is <i>complied with.</i>			3

Level	KLoE	New	Now Bold	Revised
2	The council maintains and reviews a register of its corporate business risks linking them to strategic business objectives and assigns named individuals to lead on the actions identified to mitigate each risk.			3
4	All members receive risk management awareness training <i>appropriate to their needs and responsibilities.</i>			3
4	Reports to support strategic policy decisions, and initiation documents for all major projects, require a risk assessment including a sustainability impact appraisal.	3		
4.2 The council has arrangements in place to maintain a sound system of internal control				
ALL	All references to SIC now amended to 'governance statement'			3
2	There are procedure notes/manuals in place for key financial systems and these are reviewed and updated as appropriate.			3
2	The council has a business continuity plan in place which is reviewed and tested on a regular basis.			3
2	There are standing orders, standing financial instructions and a scheme of delegation in place and these are reviewed and updated as appropriate.			3
3	The council has an effective scrutiny function to ensure constructive challenge and enhance performance overall.	3		
4	The council obtains assurance on a risk basis of the viability of its significant contractors' / partners business continuity plans.	3		
4.3 The council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business				
2	The council has put in place arrangements for monitoring compliance with standards of conduct across the council including: <ul style="list-style-type: none"> • <i>codes of conduct</i> • <i>register of interests</i> • <i>register of gifts and hospitality</i> • <i>complaints procedure</i> • <i>use of IT resources</i> 			3
2	The council can demonstrate that members of the standards committee are preparing for their role in local investigations and determination and there are arrangements in place to support effective local investigations and determinations.	3		
2	The council has provided the required data for the National Fraud Initiative (NFI), has notified data subjects of this use of data, and has established a comprehensive process to follow-up NFI data matches that covers all match types and all levels of report (i.e. high, medium and same address)			3

Level	KLoE	New	Now Bold	Revised
3	The work of the standards committee is communicated openly to a wider public. Where appropriate, the council has taken effective action, learning from issues arising from local investigations and determinations.	3		
3	The council has made effective <i>use of the NFI application functionality to identify data matches for review . These were investigated promptly to prevent prolonged exposure.</i>		3	3
3	The council works with other bodies such as DWP when following-up data matches from NFI. <i>Details of proven frauds relating to public sector employees are shared with other bodies as per the NFI Information Exchange Protocol.</i>		3	3
3	Weaknesses revealed by instances of proven fraud and corruption, including NFI data matches, or <i>data quality issues (due to capture or extraction) are reviewed to ensure that appropriate action is taken to strengthen internal control arrangements.</i>		3	3
4	Successful cases of proven fraud/corruption are <i>routinely publicised</i> to raise awareness.			3
4	There are effective arrangements for receiving and acting upon fraud and corruption concerns and disclosures from members of the public.			3
4	The council can demonstrate its staff, and staff within contracting organisations, have confidence in the whistle-blowing arrangements and feel safe to make a disclosure.	3		
4	All application forms for services and benefits have an appropriate fair processing notification permitting data sharing for prevention and detection of fraud and corruption (both acting as a deterrent to fraudsters and facilitating the extension of NFI into new areas).	3		
4	The council can demonstrate that effective action has been taken to maximise the potential savings available through NFI.			
5. VALUE FOR MONEY				
5.1 The council currently achieves good value for money				
2	The council has a well managed capital programme linked to priorities and <i>supporting service improvements</i> . Projects are usually completed on time and on budget, <i>and deliver outcomes which are fit for purpose.</i>			3
3	The council ensures that a range of quality services is delivered appropriate to statutory duties and local needs, while maintaining relatively low overall costs including overheads and capital, <i>within the council's overall context.</i>			3
3	The council has a well managed capital programme linked to <i>priorities and supporting service improvements</i> , with projects completed on time, within budget, <i>and delivering outcomes which are fit for purpose.</i>			3
4	High performance is achieved across a range of key services while costs, <i>including unit costs and transaction costs</i> demonstrate best value compared to others.			3

Level	KLoE	New	Now Bold	Revised
4	The council can demonstrate that it uses its <i>capital programme, with partners where appropriate, to challenge existing service models to achieve a transformation in service for users</i>			3
5.2 The council manages and improves value for money NOTE: Due to the high number of revisions, only new KLoEs highlighted.				
2	The council has adequate arrangements to produce reliable data.	3		
2	The council has some understanding of its long term costs and benefits, including environmental and social. There is some evidence of these being taken into account in decision making.	3		
2	The council is making some use of partnership working to improve VFM. It has some understanding of the total resources at the disposal of its significant partnerships.	3		
2	The council makes some use of IT both to improve its own VFM and to improve access to services for users.	3		
3	The council has good arrangements to produce reliable data.	3		
3	The council has evaluated its use of partnerships to improve VFM. It has an understanding of total resources at the disposal of its significant partnerships which it is using to support clearly identified outcomes.	3		
3	The council uses IT to drive and enable business process change to improve both its own VFM and access to services for users.	3		
4	The council has exemplary arrangements to produce reliable data. It has an agreed approach with partners to produce reliable data.	3		
4	The council has implemented arrangements for partnership working. It has a clear understanding of the total resources at the disposal of its significant partnerships. It is on track to deliver planned improvement in outcomes.	3		
4	The council has a strong track record of using IT and can demonstrate examples of significant service improvements, including access to services for users, or efficiency savings through using IT.	3		