

Annual Governance Report

Cherwell District Council

Audit 2008/09

September 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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Ladies and Gentlemen

2008/09 Annual Governance Report

I am pleased to present the final version of my report on the results of my audit work for 2008/09.

A draft of the report was discussed and agreed with the Chief Executive and Strategic Director Customer Service and Resources on 9 September 2009 and has been updated since as issues have been resolved.

The report sets out the key issues that you should consider before I complete the audit.

It asks you to:

- consider the matters raised in the report before approving the financial statements (pages 6 to 7);
- take note of the VFM Conclusion and Use of Resources score;
- take note of the adjustments to the financial statement made subsequent to the adoption of the draft accounts – these are detailed in paragraphs 7 and 8; and
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 2).

Yours faithfully

Maria Grindley
District Auditor
September 2009

Key messages

This report summarises the findings from the 2008/09 audit which is substantially complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess how well you use and manage your resources to deliver value for money and better and sustainable outcomes for local people.

Financial Statements	Results	Page
Unqualified audit opinion	Yes	6
Financial statements free from error	Yes	6
Adequate internal control environment	Yes	6
Use of resources	Results	Page
Use of resources judgements	Yes	8
Arrangements to secure value for money	Yes	10

Audit opinion

- 1 My work on your financial statements is substantially complete, and I anticipate giving an unqualified opinion before the due date of 30 September 2009.

Financial statements

- 2 The accounts adopted by the Accounts, Audit and Risk Committee on 24 June 2009 were made available for audit supported by detailed working papers. There were only minor presentational errors in the statements adopted.

Use of resources

- 3 My work on your scored use of resources is complete, and I am pleased to confirm that there are no areas where you do not meet expected standards. I will therefore be able to give an unqualified value for money conclusion by the due date of 30 September 2009.

Audit Fees

- 4 As my audit is substantially complete, I can confirm that I do not propose to issue a supplementary fee letter.

Next steps

This report identifies the key messages that you should consider before I issue my financial statements opinion, value for money conclusion, and audit closure certificate. It includes only matters of governance interest that have come to my attention in performing my audit. My audit is not designed to identify all matters that might be relevant to you.

5 I ask the Accounts, Audit and Risk Committee to:

- consider the matters raised in the report before approving the financial statements (pages 6 to 7);
- take note of the VFM Conclusion and Use of Resources score;
- take note of the adjustments to the financial statement made subsequent to the adoption of the draft accounts – these are detailed in paragraphs 7 and 8; and
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 2).

Financial statements

The Council's financial statements and annual governance statement are important means by which the Council accounts for its stewardship of public funds. As Council members you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements and the annual governance statement.

Opinion on the financial statements

- 6** Subject to final reviews and satisfactory clearance of outstanding matters, I plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of my draft audit report.

Errors in the financial statements

- 7** There were no errors in the financial statements for which I requested an audit adjustment. We only identified minor presentational errors which have been amended in the final set of accounts.
- 8** As part of the Council's own supervisory review in July, staff identified three classification errors: £952,000 within the analysis of the debtors note; £196,000 within the analysis of the creditors note; and £72,000 mis-classification between National non-Domestic Rates (NNDR) and Revenue Support Grant (RSG) on the Income and Expenditure Account. These have been adjusted in the final version of the accounts.

Material weaknesses in internal control

- 9** No material weaknesses in internal control were identified as a result of my audit. However, the Council has included a significant internal control weakness in its Annual Governance Statement when an issue was identified in relation to IT back up arrangements. Subsequent investigations highlighted a number of control issues around the Council's IT processes including disaster recovery back up arrangements. The Council implemented a full review and implemented interim measures to safeguard their information and is currently considering what further action is needed.

Letter of representation

- 10** Before I issue my opinion, auditing standards require me to obtain appropriate written representations from you and management about your financial statements and governance arrangements. Appendix 2 contains the draft letter of representation I seek to obtain from you.

Financial statements

Key areas of judgement and audit risk

11 In planning my audit I identified specific risks and areas of judgement that I have considered as part of my audit. My findings are set out in Table 1.

Table 1 **Key areas of judgement and audit risk**

Issue or risk	Finding
Economic climate and impact of impairments on financial statements.	The treatment of Icelandic bank investments was in accordance with guidance issued by CIPFA.

Use of resources

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

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

Use of resources judgements

- 12** In forming my scored use of resources judgements, I have used the methodology set out in the [use of resources framework](#). Judgements have been made for each key line of enquiry (KLOE) using the Audit Commission's current four point scale from 1 to 4, with 4 being the highest. Level 1 represents a failure to meet the minimum requirements at level 2.
- 13** I have also taken into account, where appropriate, findings from previous use of resources assessments (updating these for any changes or improvements) and any other relevant audit work.
- 14** The Council's use of resources theme scores are shown in Table 2 below. The key findings and conclusions for the three themes, and the underlying KLOE, are summarised in Appendix 3.

Table 2 Use of resources theme scores

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

- 15** The Council manages its finances effectively to deliver value for money in its services for its stakeholders. Finances are planned over the medium to long term to meet strategic priorities and to ensure that the Council keeps sound financial health. The Medium Term Financial Strategy is regularly updated to keep it in line with changes in the internal and external environment that affect the operation of the Council. Value for Money Reviews are being constantly undertaken to find areas of potential economies and efficiencies and the effectiveness of services is assessed through consultation with users. Partnerships are being used effectively to ensure that finances and other resources deliver value for money. The Council produces budget monitoring and forecasting information on a timely basis which ensures that decision makers can make appropriate decisions throughout the various levels of the organisation with the most relevant information to hand. The authority has restructured its finance team

Use of resources

over the last two years and the accounts production is smooth and supported by good quality working papers.

- 16** The Council's procurement and contract management infrastructure and functions have improved strongly. There is a clear understanding of how the commissioning and procurement approach enables delivery of corporate priorities and is aligned to the Council's VFM programme. The focus is on partnership working to deliver improved outcomes for local people, based on local need. The Council has made substantial data quality and management information improvements over the past year. This supports decision making and performance management thus helping deliver priorities and improvements for local people. The Council promotes and demonstrates the values of good governance. The Council manages its own risks and maintains a solid system of internal control. There is active risk management embedded throughout all levels of the organisation and promoted and monitored in the Council's significant partnerships.
- 17** The Council is effective in planning and developing its workforce to achieve its goals. It identifies the skills it needs and invests significantly in workforce development. This has successfully enabled the Council to adapt its culture and skill its workforce to adopt different ways of working. The Council has successfully delivered its corporate restructuring. This has been done in partnership with the workforce and the union, who have worked together to align the organisation effectively behind corporate objectives. The Council is now entering its next phase of change. It is considering how radically different it needs to be as an organisation to continue to deliver improved VFM within the context of shared services and outsourcing arrangements. Within this context the Council is ensuring it encourages the values and behaviours required to support the staff and the organisation through continued change.
- 18** We have made three national notable practice submissions for Cherwell District Council:

 - The Council has worked with Oxfordshire PCT to provide a new clinic in the centre of Banbury. This will open in October 2009 with a GP clinic, a dentistry clinic and space dedicated to alcohol and drug awareness. The council financed, procured and project managed the whole process providing the PCT with a turn-key solution to provide improved healthcare services in Banbury. The model used provides the PCT with ongoing facilities services which, in turn, secures ongoing contributions to the council overheads, to the benefit of local council tax payers;
 - The Council have created one stop shops throughout the region where members of the public can access a variety of council services. Through the IT infrastructure full links are made to the County Council, Primary Care Trust and other District Council websites to ensure greater access. This provides a single gateway for 90 per cent of contacts with the Council and ensures those most vulnerable who have to access services on a face-to-face basis are not disadvantaged; and
 - As a result of extensive scenario planning based on the current economic climate, the Council realised that planned efficiencies will not be enough to reduce costs to the required level. As a result that they have written to all staff to ask them about future needs and aspirations. (e.g. retirement, taking a different role in the organisation, periods of unpaid leave etc) This is in order to match staff needs to

the corporate needs and hopefully reduce the staff costs without resorting to large scale compulsory redundancies in the future. The letter was sent to all staff in July 2009 and the move has been welcomed by unions, it has been described by IDeA as 'appears unparalleled' and Public Sector People Managers Association described the move as 'innovative and will be watched with interest by the rest of local government.'

Value for money conclusion

- 19** I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. From 2008/09, the Audit Commission will specify each year, which of the use of resources KLOE are the relevant criteria for the VFM conclusion at each type of audited body. My conclusions on each of the areas are set out in Appendix 3.
- 20** I intend to issue an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources. Appendix 1 contains the wording of my draft report.

Appendix 1 – Independent auditor’s report to Members of Cherwell District Council

Opinion on the financial statements

I have audited the Authority accounting statements and related notes of Cherwell District Council for the year ended 31 March 2009 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the Members of Cherwell District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Chief Financial Officer and auditor

The Chief Financial Officer’s responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 the financial position of the Authority and its income and expenditure for the year.

I review whether the governance statement reflects compliance with ‘Delivering Good Governance in Local Government: A Framework’ published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures

Appendix 1 – Independent auditor’s report to Members of Cherwell District Council

I read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority’s circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

Opinion

In my opinion the Authority financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority’s Responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

Auditor’s Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper

Appendix 1 – Independent auditor’s report to Members of Cherwell District Council

arrangements, having regard to relevant criteria specified by the Audit Commission for other local government bodies. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in February 2009, and the supporting guidance, I am satisfied that, in all significant respects, Cherwell District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Maria Grindley
District Auditor

Unit 5, Isis Business Centre
Horspath Road, Cowley

Oxford, OX4 2RD

September 2009

Appendix 2 – Draft letter of representation

To:

Maria Grindley,

Unit 5, Isis Business Centre,
Horspath Road, Cowley
Oxford OX4 2RD

Cherwell District Council - Audit for the year ended 31 March 2009

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other directors, officers, and Members of Cherwell District Council, the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2009.

Compliance with the statutory authorities

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice which present fairly the financial position and financial performance of the Council and for making accurate representations to you.

Supporting records

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Council and Committee meetings, have been made available to you.

Irregularities

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect fraud or error.

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;

Appendix 2 – Draft letter of representation

- irregularities involving other employees that could have a material effect on the financial statements; or
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements; and
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Law, regulations, contractual arrangements and codes of practice

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Council.

The Council has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

Fair values

I confirm that the presentation and disclosure of fair values measurements of material assets, liabilities and components of equity are in accordance with the financial reporting framework.

The measurement methods and significant assumptions used in determining fair value have been applied on a consistent basis, are reasonable and appropriately reflect the best estimate of fair value of assets and liabilities required to be disclosed by these standards.

Assets

The following have been properly recorded and, where appropriate, adequately disclosed in the financial statements:

- losses arising from sale & purchase commitments;
- agreements & options to buy back assets previously sold; and
- assets pledged as collateral.

Compensating arrangements

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts. We have no other lines of credit arrangements.

Contingent liabilities

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- no financial guarantees have been given to third parties.

Related party transactions

I confirm the completeness of the information disclosed regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements.

Specific representations – Long term investments

I confirm that we intend to hold investments in the long term.

Post balance sheet events

Since the date of approval of the financial statements by the Accounts, Audit and Risk Committee, no additional significant post balance sheet events have occurred which would require additional adjustment or disclosure in the financial statements.

The Council has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

If adoption of the financial statements and the representation are on the same day this paragraph is not required.

Signed on behalf of Cherwell District Council

I confirm that the this letter has been discussed and agreed by the Accounts, Audit and Risk Committee on 23 September 2009

Name

Position

Appendix 3 – Use of resources key findings and conclusions

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

Table 3 **Managing finances**

Theme score	3
Key findings and conclusions	
<p>The Council manages its finances effectively to deliver value for money in its services for its stakeholders. Finances are planned over the medium to long term to meet strategic priorities and to ensure that the Council keeps sound financial health. The Medium Term Financial Strategy is regularly updated to keep it in line with changes in the internal and external environment that affect the operation of the Council. Value for Money Reviews are being constantly undertaken to find areas of potential economies and efficiencies and the effectiveness of services is assessed through consultation with users. Partnerships are being used effectively to ensure that finances and other resources deliver value for money. The Council produces budget monitoring and forecasting information on a timely basis which ensures that decision makers can make appropriate decisions throughout the various levels of the organisation with the most relevant information to hand. The authority has restructured its finance team over the last two years and the accounts production is smooth and supported by good quality working papers.</p>	

<p>KLOE 1.1 (financial planning)</p> <p>Score</p> <p>VFM criterion met</p>	<p>3</p> <p>Yes</p>
<p>Key findings and conclusions</p>	
<p>Financial planning at Cherwell District Council is effectively integrated. It links to strategic and corporate planning through the medium term financial strategy (MTFS) and the community plan.</p> <p>The Council has an effective long-term financial strategy to support delivery of its strategic objectives and priorities. The Council effectively consults with stakeholder to prioritise spending decisions. There is an Equality and Access Advisory Panel made up of customers that advise the Council on how best to engage with hard to reach groups of the community to ensure that customers can have a direct input into council priorities and making the Council accessible to all.</p> <p>The Council manages its spending well. The MTFS has now been updated to reflect the current external challenges. These have been revised so that the Council can carry on meeting their service requirements and strategic priorities.</p> <p>The Council is creating an environment of sound financial governance and leadership. Members provide scrutiny to the financial plans of the Council. The scrutiny committee performed a review of the contribution of fees and charges. This has lead to the income in the 2009/10 budget increasing by £448,500 to £6.3m. The Council promotes financial management in its leadership and recognises and values financial skills</p>	
<p>KLOE 1.2 (understanding costs and achieving efficiencies)</p> <p>Score</p> <p>VFM criterion met</p>	<p>3</p> <p>Yes</p>
<p>Key findings and conclusions</p>	
<p>The Council has a sound understanding of its costs evidenced by its value for money reviews which have provided information to assist the Council’s strategic decision making. This has lead to a reduction of costs and improved performance. For example the result of the VFM review on Internal Audit was to outsource the function. Obtaining an</p>	

Appendix 3 – Use of resources key findings and conclusions

outsourced function in line with Oxford City Council has led to discounts in the contract. The Council has successfully achieved efficiencies in its high cost areas. Net expenditure has been reduced by £20m (which equates to 16%) between 2007/08 to 2009/10.

The Council co-ordinates its financial planning. This helps the Council to understand the value for money implications of its spending, for example through the potential impact of capital spending over the medium to long term on council tax.

The Council compares its costs to other authorities. During the land charges value for money review charges, made by the Council, identified that their charges were lower than any of the other benchmark authorities. This has enabled the Council to make the decision to increase their charges in line with other authorities and so increase their revenue income by £55,000 per annum.

The Council recognises that it must drive efficiencies and rationalisation of services through its VFM processes. The one stop shop is an example of this and has successfully created better customer access and also delivered cost efficiencies

KLOE 1.3 (financial reporting)

Score

3

VFM criterion met

Yes

Key findings and conclusions

The Council's internal financial monitoring is relevant, understandable and accruals based. It provides clear links between the budget, in year forecasts and actual year end position. The dashboard and the performance management framework ensures that the financial and non-financial performance is reported and effectively considered together. Budget holders are able to access financial and monitoring information when they need it.

For 2008/09, the Council had produced a thorough and comprehensive closedown plan. The accounts were properly approved by the Accounts, Audit and Risk Committee and published by the due date on the Council's website. The Council's working papers to support the accounts are clear and have a strong focus on SORP compliance. Improved member involvement has continued again this year. This was shown through the members challenging the process of the accounts and through the continuation of a specific accounts panel. The Council published its Annual Report setting out the key achievements during the year for both the Council and its key partners.

Table 4 Governing the business

Theme score	3
Key findings and conclusions	
<p>The Council’s procurement and contract management infrastructure and functions have improved strongly. There is a clear understanding of how the commissioning and procurement approach enables delivery of corporate priorities and is aligned to the Council’s VFM programme. The focus is on partnership working to deliver improved outcomes for local people, based on local need. The Council has made substantial data quality and management information improvements over the past year. This supports decision making and performance management thus helping deliver priorities and improvements for local people. The Council promotes and demonstrates the values of good governance. The Council manages its own risks and maintains a solid system of internal control. There is active risk management embedded throughout all levels of the organisation and promoted and monitored in the Council’s significant partnerships.</p>	
KLOE 2.1 (commissioning and procurement)	
Score	3
VFM criterion met	Yes
Key findings and conclusions	
<p>The Council’s commissioning is shaped by a clear vision of improved services. Its approach to procurement is championed by the corporate management team. It is continuing to develop a strategic approach to commissioning based on delivering outcomes for local people. Effective procurement and contract management has directly supported improved service provision. An example is the successful approach to its commissioning, contract and project management of the £27m sports centre modernisation programme.</p> <p>The Council engages effectively with a range of stakeholders and service users to plan and commission services. It is building on its partnerships to deliver sustainable local outcomes and efficiencies and engage with Small and Medium-sized Enterprises (SMEs). Successful partnerships include Oxford City Council for internal audit services, glass recycling,</p>	

Appendix 3 – Use of resources key findings and conclusions

recruitment arrangements and with Oxon PCT and Milton Keynes, Oxon, Bucks (MKOB) procurement partnership.

The Council has a strong record of enabling access to services through technology. It has embraced e-procurement and launched an interactive guide for procurement and contract management to raise awareness across the organisation. The Council engages with its communities in the design of services, eg the One Stop Shop, where it undertook Equality Impact Assessments as part of the design. It is also working effectively and innovatively with Oxon PCT in the development of a 'super clinic' in Banbury, delivering improved outcomes for local people and benefits to partners.

The Council consults effectively with users, SMEs and partners and has a more informed understanding of the supply market. It has developed a Local Business Liaison Group to improve opportunities for local suppliers and SMEs to trade with the Council, working with them to shape the supply market and using framework contracts where this ensures value for money.

The Council's procurement and contract management functions have improved strongly. Its rigorous value for money approach and service planning process link effectively to the Procurement Forward Plan. In 08/09 it invested £200k in additional procurement capacity which has secured corporate savings of £309k in this financial year. The procurement discipline clearly supports the delivery of the Council's wider objectives. It has supported the reduction in net costs over recent years, enabling resources to be reallocated to front line services, delivering demonstrable beneficial outcomes to the community. Although the Council does not have an up to date procurement strategy, it is procuring strategically.

KLOE 2.2 (data quality and use of information)	
Score	3
VFM criterion met	Yes

Key findings and conclusions

The Council has an ongoing action plan to improve data quality and information management. Governance, accountability and leadership arrangements have been improved and data management arrangements are integrated into the service and financial planning processes. The Council demonstrates a proactive use of information to jointly determine local priorities with partners. There are active partnership approaches across the service areas ie with the Oxfordshire PCT Joint Public Health Strategy.

The Council produces fit-for-purpose information to effectively support members and officer’s decision making. The Council’s strategic management reports, the balanced score card and dashboard are clear and well structured, enabling analysis and interrogation of the information.

The Council consults staff and stakeholders to ensure priorities are delivered and met. The Customer Contact Centre filters feedback to services, to improve responsiveness and these are reviewed regularly by portfolio holders and staff. Issues are flagged and managed at corporate level.

The Council incorporates good practice standards into its policies and procedures to safeguard its management information. The Council demonstrates a risk management culture. An operational security forum is in place and the extended management team monitor, review and takes action as required.

The Council consults and engages effectively with users and plans continued improvements. It has introduced an Access Advisory Panel for the public to speak directly to service managers about access issues and its uses a range of external user’s feedback and internal staff feedback to review and shape service delivery. Information is shared with the public via a suite of Council and partner publications, enabling further consultation and communication.

KLOE 2.3 (good governance)

Score

3

VFM criterion met

Yes

Key findings and conclusions

The Council has a very clear focus on its priorities which drive everything it does. The priorities are set out in the Corporate Plan and Improvement Strategy 2007 to 2012. They are for a district of opportunity, a safe and healthy district, a cleaner and greener district and an accessible value for money council. These are used strongly to guide planning in the Service and Financial Planning framework.

The Council provides effective governance: members and officers are clear about their roles and responsibilities. The council has an ethical framework in place and promotes ethical culture. here is a culture of openness and respect within the Council. The Standards Committee is well established and its governance arrangements are in line with good practice. The Executive sets firm policy objectives for the Council for which officers are charged with delivery and there is an

Appendix 3 – Use of resources key findings and conclusions

appropriate level of challenge between councillors and senior managers. This view is supported by opposition councillors who also feel included within a bipartisan and inclusive process. The Council's response to the Eco town proposal and Horton Hospital services at threat are both examples of the clarity in approach. Councillors and staff work hard to achieve the best outcomes for the community.

The Council is a highly effective leader of partnership working locally. It has been effective in securing the involvement of all partners. Membership of the Cherwell Community Planning Partnership (LSP) is inclusive and the Council has taken a proactive approach to the governance and development of this partnership by agreeing protocols that outline expectations for partnership working and governance arrangements for the significant partnerships that make the major contribution locally. The Council, partners and the community are clear about the ambitions for the area.

KLOE 2.4 (risk management and internal control)	
Score	3
VFM criterion met	Yes

Key findings and conclusions

Risk Management is comprehensive and embedded throughout the council. The Council clearly understands the strategic risks to the delivery of its objectives and these are managed and regularly reviewed by the Executive and senior managers. Risk management is integral to the decision making process. For example, risk management is embedded within the medium term and service and financial planning processes, whilst all new decision papers taken to Executive have a full risk assessment.

Members recognise the importance of risk management. The sports centre modernisation project had risks for potential project overrun and so the project board have been very focused on being aware of this risk and called in external challenge through gateway reviews completed by procurement specialists 4Ps. This enables the Council to identify the risks it needs to retain and those it can share or pass on to others. This means that the Council can be confident that its approach to risk supports its business objectives. Partnership risks are on the risk register and risks around partnerships are monitored and reported through the partnership annual governance report.

The Council has strong counter fraud and corruption arrangements. This is shown most in the work performed by the

benefits service. In 2008/09 they had 12 successful prosecutions where claimants were fraudulently claiming benefits. The council has a sound system of internal control. The Accounts, Audit and Risk Committee delivers the core functions as required by CIPFA. This Committee demonstrated a good challenge on the accounts. Members of the Accounts, Audit and Risk Committee set up a new IFRS steering group, again demonstrating member involvement and strengthening the system of internal control.

Table 5 Managing resources

Theme score	3
Key findings and conclusions	
<p>The Council is effective in planning and developing its workforce to achieve its goals. It identifies the skills it needs and invests significantly in workforce development. This has successfully enabled the Council to adapt its culture and skill its workforce to adopt different ways of working. The Council has successfully delivered its corporate restructuring. This has been done in partnership with the workforce and the union, who have worked together to align the organisation effectively behind corporate objectives. The Council is now entering its next phase of change. It is considering how radically different it needs to be as an organisation to continue to deliver improved VFM within the context of shared services and outsourcing arrangements. Within this context the Council is ensuring it encourages the values and behaviours required to support the staff and the organisation through continued change.</p>	
KLOE 3.3 (workforce planning)	
Score	3
VFM criterion met	Yes
Key findings and conclusions	
<p>The Council invests significantly in workforce development. Three per cent of the salary budget is targeted on training, around £500,000 per annum. This has successfully enabled the Council to date, to transform its culture and skill its</p>	

Appendix 3 – Use of resources key findings and conclusions

workforce to adopt different ways of working. The Council has an effective approach to workforce planning. The HR strategy is aligned with the Council's corporate improvement programme and workforce planning is being mainstreamed into management and financial planning. This builds upon the embedded approach to service and financial planning, which enables the Council to maintain and develop the skills sets required to deliver corporate priorities.

The Council is now entering its next phase of change in its workforce planning. The Council knows which areas are difficult for recruitment and retention and have strategies in place to overcome these. For example, the rationalisation of forty five service-based job descriptions to just five provides clear career progression opportunities for support staff. The council is considering how radically different it needs to be as an organisation, to continue to deliver improved VFM within the context of shared services and outsourcing arrangements and what values and behaviours will be required to support the organisation. This builds on the recent outsourcing arrangements for Internal Audit and transactional elements of the Revenue and Benefits functions.

The Council has successfully engaged and supported staff during the change process. It has delivered its corporate restructuring in partnership with the workforce and the union, who have worked together to align the organisation effectively behind corporate objectives. It has a good track record of consultation and the staff consultation group has been central to building and delivering organisational culture.

The HR strategy for 2008 – 2012, outlines key aims and objectives, including workforce planning, organisational and leadership development, and performance management. More effective, efficient and flexible HR frameworks and strategies, for example the new pay structure, have been put in place to support continued improvement. The Council has a good approach to equalities and diversity. They identified a Polish population approaching 7000 strong where English was not their first language. The Council knowing that a large proportion of this population would seek employment in the construction industry took steps to provide health and safety publications in Polish. The Council achieved Equality Standard for Local Government Level 3 and has developed a more empowered workforce as evidenced by its return to full standing IIP accreditation.

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