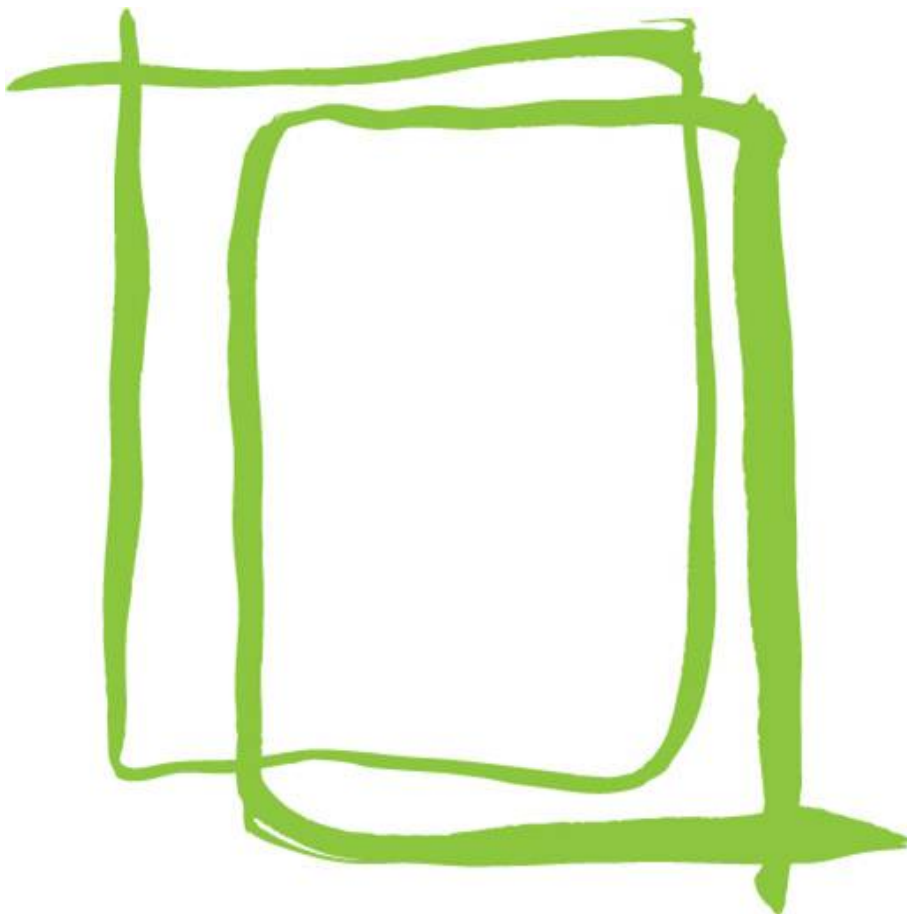


# Use of Resources

Slough Borough Council

Audit 2008/09

November 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.
-

# Summary

**This report summarises our key findings from our assessment of how Slough BC is managing and using its resources to deliver value for money and better and sustainable outcomes for local people.**

- 1** Slough Borough Council's arrangements to manage its finances and govern its business are consistent with established professional practice and guidance, meet statutory requirements and operate effectively.
- 2** Across the Council, good progress is being made to strengthen the way it plans and manages its operations, including:
  - governing partnerships;
  - risk management;
  - data quality;
  - service and financial planning.
- 3** The Council needs now to embed these changes and demonstrate how these changes are leading to improved outcomes.
- 4** One area where arrangements are clearly delivering improved outcomes is asset management. Here, the Council's approach is forward looking, proactive and identifies and develops opportunities for improvement. Assets are managed with clear forward looking strategic goals showing how they will be used to deliver corporate priorities, now and in the future
- 5** Whilst the Council is working to minimise its use of natural resources, more work is needed to ensure that this is effective. Improved target setting and processes to monitor progress is needed to enable more effective scrutiny and challenge of proposals to fully develop an effective policy framework and deliver outcomes.

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# Introduction

- 6 This report sets out my conclusions on how well Slough BC is managing and using its resources to deliver value for money and better and sustainable outcomes for local people and give scored use of resources theme judgements.
- 7 In forming my scored theme judgements, I have followed the methodology set out in the use of resources framework: overall approach and key lines of enquiry (KLOE) document and the use of resources auditor guidance. For each of the specific risks identified in relation to our use of resources work, which were set out in our audit plan, we considered the arrangements put in place by the Slough BC to mitigate the risk and plan our work accordingly. This work is now complete.

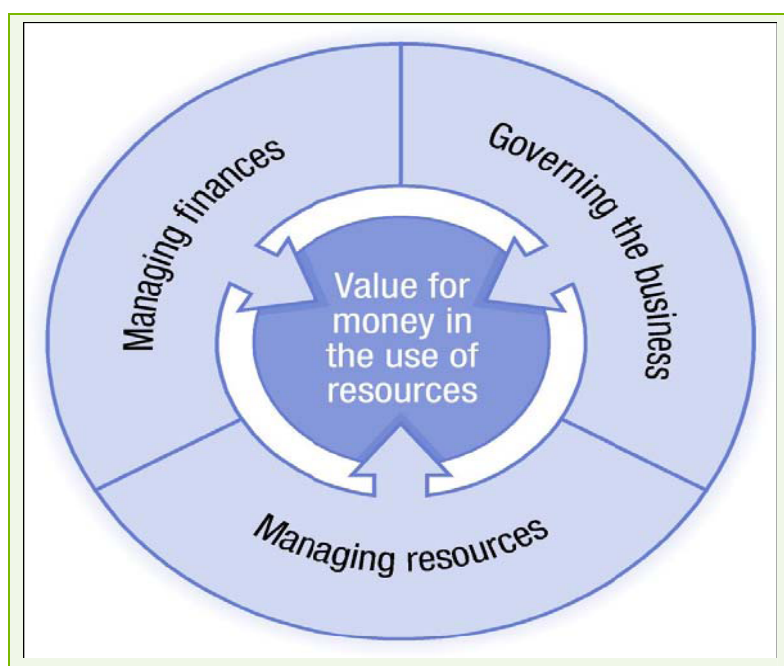
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## Use of resources framework

- 8 From 2008/09, the new use of resources assessment forms part of the Comprehensive Area Assessment (CAA) and comprises three themes that focus on:
- sound and strategic financial management;
  - strategic commissioning and good governance; and
  - the management of natural resources, assets and people.
- 9 Figure 1 illustrates the three themes.

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**Figure 1 Use of Resources Framework**



## Introduction

- 10 The scores for each theme are based on the scores reached by auditors on underlying KLOE. The KLOE are generic and applicable equally to all organisations subject to use of resources judgements under CAA. This promotes consistency, demonstrating all organisations within a CAA area are treated in the same way, and to the same standards.
- 11 The Commission specifies in its annual work programme and fees document, which KLOE are assessed over the coming year.
- 12 Judgements have been made for each KLOE using the Commission's current four point scale from 1 to 4, with 4 being the highest, please see Table 1. Level 1 represents a failure to meet the minimum requirements at level 2.

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**Table 1      Levels of performance**

<b>Level 1</b>	Does not meet minimum requirements – performs poorly
<b>Level 2</b>	Meets minimum requirements – performs adequately
<b>Level 3</b>	Exceeds minimum requirements – performs well
<b>Level 4</b>	Significantly exceeds minimum requirements – performs excellently

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

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- 13 The new use of resources framework and scoring system introduced for 2008/09 marks a significant change in the Audit Commission approach. Accordingly the reported results and scores are not comparable with those delivered under the previous system which ended in the 2007/08 year.

# Use of resources judgements

## Scored judgements

14 Slough BC's use of resources theme scores are shown in Table 2. The reasons for scores are reflected in the commentary for each KLOE provided in Appendix 1

**Table 2 Use of resources theme scores**

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

## Managing finances

- 15 Slough Borough Council's arrangements to manage its finances are consistent with established professional practice and guidance, meet statutory requirements and operate effectively.
- 16 The Council's financial planning processes are developing from a sound base and within a medium term financial planning framework. The time-horizon of this process can be expanded to help better demonstrate the affordability of longer term strategic objectives and the impact of invest to save projects or savings proposals.
- 17 Resource allocation within the Council is driven by corporate priorities and service plans alongside available resources. Financial and performance outcomes are becoming more integrated and there is good challenge of costs involving both Members and officers. Service level benchmarking and use of unit costs is developing. The Council delivers significant annual efficiency savings and has exceeded its Gershon efficiency target by several million pounds.

## Use of resources judgements

- 18 Engagement with communities and Members during the budget process is strong and stakeholder views are taken into account through a series of workshops with a range of different groups.
- 19 A balanced financial outturn in 2008/09 was achieved but there is significant pressure on future budgets with reserves at minimum assessed prudent levels and emerging concerns that agreed savings are not deliverable. Stronger, more detailed savings plans, moving away from an annual planning cycle are needed to bridge an estimated a budget gap of £22m over the next three years. These are being addressed as part of the current PPRG process
- 20 Internal financial reporting processes are timely and reliable more but work is needed to fully meet the needs of internal users by providing bespoke and tailored reporting options.
- 21 External financial reporting processes are developing strongly and the Council prepares accounts that meet statutory requirements, financial reporting standards and presents fairly its financial performance and position. This will be further enhanced in 2008/09 when the Council publishes its first annual report.

### Key recommendations

- |   |
|---|
| <p><b>R1</b> Use the principles outlined in the Audit Commission report 'World class financial management' to strengthen medium to long-term financial planning. This includes:</p> <ul style="list-style-type: none"><li>• greater modelling of different scenarios and outcomes;</li><li>• integration with risk management;</li><li>• delivering a clear 'financial road map' explaining where the Council is, where it wants to go and what resources are needed (or can be redirected) to get there.</li></ul> |
| <p><b>R2</b> Review how the PPRG process operates to approve savings proposals. Move away from an annual savings exercise to longer term savings proposals that can properly accommodate 'invest to save' initiatives or more strategic reallocation decisions.</p>   |
| <p><b>R3</b> Demonstrate VFM more clearly via service level benchmarking and analysis of service unit and transaction costs and effective evaluation of projects.</p>   |

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## Governing the business

- 22 Slough Borough Council's arrangements for governing the business are consistent with established professional practice and guidance, meet statutory requirements and operate effectively.
- 23 Executive, non-executive and roles and responsibilities within this structure are clear and supported by productive working relationships between Members and officers. Development training is offered to Members but the take-up of this has sometimes been low, leading the Council to recently act on this.

- 24** The Council has a sound system of internal control including an Audit Committee, Internal Audit and a policy and guidance framework but it is not clear how compliance with this framework is monitored and more can be done to promote it. Within this framework the Council's risk management arrangements are developing and are reported to CMT, Cabinet and the Audit Committee. These arrangements still need to become more embedded however.
- 25** The Audit Committee is balanced in membership and has an independent chair. The Annual Governance statement focuses action by the Council over governance matters. The Council's Standards Committee complies with the expectations of the Standards Board but needs to do more to actively promote and monitor standards within the Council.
- 26** Procurement actions are shaped by corporate priorities and intended outcomes, but progress has been hampered until recently by a lack of capacity. Some progress in this area has, however, been made.
- 27** A data quality strategy and protocol were agreed in March 2009, too recently to assess any impact. It is clear however that information is used by the Council to review underperformance and take action and services have improved as a result of this data use.
- 28** No corporate business continuity plan exists but arrangements for life and limb services have been developed and are in place.
- 29** Appropriate anti-fraud and corruption policies are in place, but it has not been clear how the Council intended to monitor the delivery of these. The Audit Committee has since been presented with a vehicle to monitor the delivery of this strategy. At July 2009, we noted that very few NFI data matches had been recorded as investigated by the Council, although we understand that progress is now being made.

### Key recommendations

- R4** The Audit Committee needs to be clear how it can, and does, monitor compliance with relevant codes and procedures and how it demonstrates the impact of its work. In particular, it needs to consider how to monitor delivery and impact of the counter fraud strategy.
- R5** The Standards Committee needs to be clear how it can, and does, monitor compliance with relevant codes and procedures and demonstrate the impact of its work. It needs to monitor standards of behaviours within partnerships and do more to actively promote standards across the Council.
- R6** Focus on fully embedding new corporate arrangements for risk management, procurement, governance in partnerships and data quality. Assess the impact of these in practice.



### Managing resources

- 30** Slough Borough Council's arrangements for managing its resources are consistent with established professional practice and guidance, meet statutory requirements and operate effectively.
- 31** For asset management, the Council's arrangements go beyond this baseline. The Council's approach is forward looking, proactive and identifies and develops opportunities for improvement. Assets are managed with clear forward looking strategic goals showing how they will be used to deliver corporate priorities, now and in the future.
- 32** The Council is implementing an award winning accommodation strategy supported by a new property management system. This system updates Performance Indicators which feeds the property review process. Priority is given to capital projects based on a formal, objective approval process targeting investments to priority areas. The Heart of Slough project aims to deliver significant infrastructure improvements and potential economic benefits to the area with capital investment of over £400m secured. In education 8 schools have been rebuilt or replaced since 2005. The ALMO has levered in significant capital investment into improving public housing.
- 33** Balanced against this, the Council's arrangements to make effective use of natural resources are developing but are still at an early stage overall. The Council understands the main influences behind its use of natural resources and is committed to reducing its impact on the environment. Progress prior to 2008/09 was slow but has accelerated over the last 12 months. Baseline information on the consumption of natural resources, including water and energy usage, has recently been finalised.
- 34** Easy wins are being sought including the management of waste and recycling schemes in Council buildings and promoting staff car travel reduction. Despite this, a more co-ordinated approach is needed to reduce the internal demand for natural resources, including targets and system to monitor progress against them.
- 35** A carbon management board has been established to ensure that carbon reduction targets are met and there are strong links through this board to external partners. A climate change strategy is currently under development.

### Key recommendations

- R7** Improve the approach adopted towards the management of the natural resources by ensuring that this is co-ordinated and linked to targets and a system to monitor progress against them

### Detailed findings

- 36** The key findings and conclusions for the three themes, and the underlying KLOE, are summarised in Appendix 1. All recommendations arising from our work are included as Appendix 2.

# Use of resources 2009/10

- 37** The key lines of enquiry specified for the assessment are set out in the Audit Commission's work programme and scales of fees 2009/10. KLOE 3.1 - Natural resources will not be assessed for single tier and county councils in 2009/10 but instead a new KLOE, 3.3 - Workforce will apply.
- 38** My work on use of resources informs my 2009/10 value for money conclusion.
- 39** In my letter of 9 April 2009 about the audit fee for 2009/10, I identified those significant risks which would require specific consideration in relation to my value for money conclusion. For each risk, I consider the arrangements put in place by the Council to mitigate the risk, and plan my work accordingly. Table 3 sets out my initial risk assessment and the planned audit response.

**Table 3 Initial risk assessment**

<b>Risk</b>	<b>Planned work</b>	<b>Timing of work</b>
<p>The Council is facing significant financial pressures over the short and medium term.</p> <p>The Council needs to deliver budget savings to achieve a stable financial position.</p> <p>We also consider this to be a significant risk to our opinion audit</p>	<p>We will review the Council's approach to closing funding gaps during the 2009/10 budget and medium term planning cycles.</p> <p>We will also focus on your processes to recognise income and expenditure in the correct accounting periods.</p>	<p>April 2009 to March 2010</p>
<p>The Council is entering into an arrangement with two other councils for the provision of shared back office services.</p> <p>This can offer significant economies of scale but service performance, business continuity and contractual risks will need managing.</p> <p>We also consider this a significant risk to our opinion audit.</p>	<p>We will liaise with both Slough Borough Council and the auditors of the intended partner authorities to track the Council's progress in managing the associated risks and comment as appropriate</p>	<p>December 2009 to February 2010</p>

## Use of resources 2009/10

Risk	Planned work	Timing of work
In common with other Berkshire public sector bodies, the Council faces significant challenges in addressing current and future workforce issues, putting in place effective programmes of action to attract, retain, develop and motivate a 'fit for the future' workforce.	Workforce planning is a new line of enquiry in our use of resources assessment for 2009/10. To augment our assessment we will review how the Council, along with its partners, is developing an effective strategic approach to this issue	Dates currently being finalised with the Council

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**40** I have also considered whether there are any additional risks arising from my 2008/09 value for money conclusion which require a specific attention in 2009/10. At this stage I have not identified any additional risks in relation to my 2009/10 value for money conclusion. I will however keep this aspect under review and communicate any new issues when refreshing the audit plan later in the year.

# Appendix 1 – Use of resources key findings and conclusions

The following tables summarise the key findings and conclusions in the key lines of enquiry within each of the three use of resources themes.

## Theme 1 - managing finances

How effectively does the organisation manage its finances to deliver value for money?

<b>Theme 1 score</b>	<b>2</b>
Key findings and conclusions	
KLOE 1.1 (financial planning) score	2
Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health?	
<p>The Council continues to develop its financial planning processes and a revised medium term financial plan.</p> <p>The financial planning horizon extends over 3 to 5 years, as is common in many local councils. Best practice financial management case studies suggest extending this over longer periods would be beneficial. Although necessarily more speculative, this would help better demonstrate that strategic objectives are affordable and to consider the impact of invest to save projects or longer term savings proposals.</p> <p>The PPRG (policy and performance review group) process helps ensure resource allocation is driven by corporate priorities and service plans rather than by budgets and resources. Processes to integrate financial and performance outcomes continue to develop. Financial risks are assessed, but there is more to do to demonstrate that corporate risks are fully considered. Overall arrangements continue to deliver improving outcomes for the Council within a tight resourcing position.</p> <p>Engagement with communities and members during the annual budget process is strong; the Council's new medium term financial plan is more comprehensive and stakeholder views are taken account of through a series of workshops across a range of different groups for example with the Slough Federation of Tenants and Residents</p>	

## Appendix 1 – Use of resources key findings and conclusions

Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health?

A balanced financial outturn in 2008/09 was achieved but there is significant pressure on future budgets. Some of this relates to demand led services, but there are emerging signs that agreed savings are not deliverable, nor have sufficient buy-in from budget holders. Stronger, more detailed savings plans, moving away from an annual planning cycle are needed to bridge an estimated a budget gap of £22m over the next three years. The Council proposes to focus future budget processes on risk sensitive budget elements and to identify the marginal costs of activity changes. In our view, this is a good step forward, and will aid the council in bridging this resource gap. The PPRG process will also support this by improving resource allocation and challenging frontline service costs against comparator benchmarks to determine minimum acceptable service levels.

The Council has a good knowledge of the resources available via partnerships and needs to build on this by understanding more about the benefits, costs and risks of these arrangements. This is something that is being taken forward via Partnership Delivery Groups (PDG) and through the LSP.

The Council's reserves are at the minimum level felt prudent by the section 151 officer. This judgement is underpinned by a risk based evaluation of likely demands and the need to cover unforeseen events. A budget strategy for future years is being drawn up to avoid depletion of general reserves.

Treasury management complies with the CIPFA prudential and treasury code and arrangements balance liquidity, security and yield. Investments in Icelandic institutions were managed effectively within the limits imposed on the Council by the investment terms and the Council has responded appropriately to action any lessons learnt.

## Appendix 1 – Use of resources key findings and conclusions

KLOE 1.2 (understanding costs and achieving efficiencies) score	2
Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities?	
<p>The Council's total expenditure in comparison to other councils is favourable, given the local context, and it has achieved external recognition of excellent performance in adults and good performance in children's services. It is a 'good Place to Live' and community safety has been assessed as Fair.</p> <p>There is a good understanding across parts of the Council of its costs, supported by systematic analysis of costs drivers. A corporate process is in place that has enabled the Council to better understand the reasons for its costs and make investments to improve value for money over the long term. However, there is mixed evidence to demonstrate how service unit costs and transaction costs compare with others. A recent survey of cost centre managers (conducted by the Audit Commission) revealed that 23 per cent of managers said they have a full understanding of cost drivers while 77 per cent of managers said they only had a partial understanding. The Council is improving its understanding of the total resources at the disposal of all significant partnerships.</p> <p>Comparative information on costs and performance is routinely used by the Council to challenge whether it is achieving VFM. There is strong challenge to costs in the Policy, Prioritisation and Resources Group. Targeted investment has led to improvement in priority areas such as street cleansing.</p> <p>The Council, when making decisions, takes into account the long term impact of its spending decisions including social/environmental benefits as in the use of assets to support regeneration and community objectives. But evaluation is not consistently undertaken.</p> <p>Corporately the Council undertakes high level benchmarking of services which is used to inform budget setting/trigger option appraisals for high cost services. However at a service level benchmarking in 2008/09 is inconsistent. As part of this year's budget process the Council has introduced benchmarking of all support services and is benchmarking frontline services for cost against upper, median and lower quartile performance to establish where savings can be made against acceptable service levels.</p> <p>In 2008/09 the Council achieved efficiency savings of £7.7m and significantly exceeded its efficiency savings target. It is implementing innovative ways of delivering services; Business Process Re-engineering has been applied to the Council's contact centre resulting in improvements such as flexible queue control. The Council is at an advanced stage of discussions to create a joint venture company to provide common services.</p>	

## Appendix 1 – Use of resources key findings and conclusions

KLOE 1.3 (financial reporting) score	2
Is the organisations financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people?	
<p>Arrangements to collect, prepare and present integrated financial and non-financial data are developing.</p> <p>Responsibility for financial management is clearly assigned at all levels and the Cabinet receives monthly reports that increasingly integrate service and financial outcomes within a balanced scorecard. Officers are confident that performance reports are robustly scrutinised by Members in formal and informal meetings but there is little evidence to support this within minutes. More use can be made of sensitivity analysis for any projections and assumptions made, especially for demand led elements, and clearer linking to the corporate risk register would strengthen the overall process.</p> <p>Budget holders are confident that internal financial monitoring is relevant, reliable and timely. They also see a clear link between the budget, in-year position and the final out-turn. They are less confident about their ability to access to bespoke financial reports and this is something that the Council is now taking forward as part of LGSS.</p> <p>During 2008/09 the Council took steps to strengthen governance and risk management arrangements within partnerships. It is currently assessing all governance arrangements against a partnership protocol, drawn up in light of the 'Governance in partnerships' report by the Audit Commission. Since year end the performance and associated risks of partnerships are being routinely considered by individual Partnership Delivery Groups (PDG).</p> <p>The Council is committed to streamlining and improving its accounts production process. Adopting a 'gap analysis' approach for the first time this year has significantly improved the overall process and arrangements are now developing strongly. Once audited, the accounts are available via the Council's website and the Council intends to publish an annual report for the first time later this year.</p> <p>The council's accounts comply with statutory requirements, statutory or regulatory timetables, relevant accounting and reporting standards. The accounts were approved before 30 June by the council (or committee with delegated responsibility) and published by 30 September (including the audit opinion).</p> <p>The draft accounts approved by the council presented fairly the Council's financial position. Although the accounts contained non-trivial errors, from our work to date, the errors identified in total do not have a material effect on the accounts. Our work on this area is ongoing however and we have not yet issued our opinion on the Council's 2008/09 accounts.</p> <p>The council supports an efficient audit of its accounts by providing working papers and responding promptly to additional requests for information. The trail between the ledger and accounts can, however, be simplified. There are efficiencies to be made within the Council's year-end processes, including use of Month 13, manual adjustments, journals and the audit trail between ledger and financial statements. Further efficiencies can be made by fully utilising standard features of the Council's Oracle general ledger, including scanned invoices and journal authorisation.</p>	

## Theme 2 - governing the business

How well does the organisation govern itself and commission services that provide value for money and deliver better outcomes for local people?

<b>Theme 2 score</b>	<b>2</b>
Key findings and conclusions	
KLOE 2.1 (commissioning and procurement) score	2
Does the organisation commission and procure quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money?	
<p>The Council's Procurement Policy 2008 to 2011 is aligned to corporate priorities but is still in Draft. It is supported by an action plan which includes local PIs but performance against these has not been published in 2008/09. An assistant director has recently been recruited to enhance capacity in this area.</p> <p>The Council is developing its understanding of the supply market. It is a member of the Thames Valley Procurement Forum (TVPF), the initial work programme has concentrated on information sharing. Collaborative purchase of Energy is established between the Berkshire Authorities. Internally the Council plans to analyse spend and identify where there are opportunities to aggregate by setting up central contracts for commonly used items in 2009/10. The iProcurement management information has enabled Property services and Procurement to work together and create an approved supplier list and increase the number of corporate contracts. Management information from iProcurement has helped identify all suppliers invoicing over 100 invoices per month. iProcurement will support the Council in implementing the No Purchase Order No Pay methodology and to move towards centralised invoicing.</p> <p>The Council works with local SME, BME suppliers and Voluntary Sector to ensure they are made aware of tendering opportunities eg meet the buyer events. It is proactive in considering a variety of options for securing goods and services and incorporates sustainability into procurement eg Arts @ Centre but does not systematically evaluate. The Council has approved the business case to commence joint procurement with two other local authorities and select a private sector partner to create a significant Shared Service Joint Venture.</p> <p>The Council has strengthened its options appraisal process, major projects require the options appraisal to be approved by the Contracts Review Board. All major procurement projects are to be managed according to a structured project management method, this was adopted in March. The Council plans to subject itself to external challenge eg IDeA health checks in 2009/10.</p>	



## Appendix 1 – Use of resources key findings and conclusions

KLOE 2.2 (data quality and use of information) score	2
Does the organisation produce relevant and reliable data and information to support decision making and manage performance?	
<p>The Council has developed a Data Quality Strategy and Data Quality Protocol in March 2009 to ensure it secures good quality data consistently but these policies have yet to make a full impact. The most recent Audit Commission review of DQ in 2008 found overall management arrangements met minimum requirements and spot checks of Performance Indicators revealed all were fairly stated.</p> <p>The Council is developing its approach to manage data on systems with controlled and secure access. It has set objectives in its DQ Strategy to ensure: procedures for extracting performance information to be written and implemented for all systems by 2010; and information systems to be included in risk registers and covered by business continuity plans by July 2009. There is presently no corporate business continuity plan (life and limb plans have been agreed) but progress has been made in ensuring the resilience of the IT infrastructure and plans for a 2nd computer room' are in train.</p> <p>The Council uses information to keep areas of underperformance under review and can demonstrate it is taking appropriate action to achieve improvements. There some good examples of services improving as a result of data use eg Planning. The Council is using an interim performance system which gathers data from a number of different systems while it explores options with shared service partners.</p>	
KLOE 2.3 (good governance) score	2
Does the organisation promote and demonstrate the principles and values of good governance?	
<p>The Council is clear about executive, non-executive and scrutiny functions and the respective roles and responsibilities of each. This is supported by a corporate governance policy statement which the Council recognises needs to be updated in light of CIPFAs good governance standard.</p> <p>There are productive working relationships between Members and officers and these are underpinned by an officer/ member code of conduct. This is part of a wider comprehensive framework of policies and guidance including policies for gifts and hospitality, declaration of interests, whistle-blowing and partnership governance. The Council provides a full range of development opportunities and training for Members and senior officers although the take-up of training by Members can sometimes be low. Agreements have been reached with Group Leaders regarding enforcing compulsory training and Leaders are actively encouraging attendance at all training. A Member leadership programme is about to be launched.</p> <p>More can be done to promote this governance framework. Officers reported they were unaware of how to locate the registers of gifts, hospitality and interests and were unfamiliar with the Counter fraud and corruption strategy. It is also unclear how the Audit Committee, whilst formally responsible for monitoring compliance with codes and procedures, can or does so. Alongside this, publishing any declared interests and gifts/ hospitality on the Council's member details pages would foster openness and transparency.</p> <p>The Council's Standards Committee complies with the controls and procedures expected of it by the Standards Board. The Council goes beyond what is required and appoints four independent members to help safeguard independence. The committee needs to do more to actively promote standards within the Council. It has not yet considered now it will monitor standards of behaviours within partnerships, has no clear process to monitor compliance with relevant codes and policies, and does not appear to have sought feedback the public regarding the effectiveness of the Member complaint process.</p>	

## Appendix 1 – Use of resources key findings and conclusions

KLOE 2.4 (risk management and internal control) score	2
Does the organisation manage its risks and maintain a sound system of internal control?	
<p>The Council's risk management framework has developed significantly over the past 18 months. Risks are identified at corporate and departmental level and assessed in terms of likelihood and strategic impact. Training is provided for officers and members and risk management processes are delivering improved outcomes including tackling corporate risks of capacity/ skills, project management and corporate data quality.</p> <p>CMT, Cabinet and the Audit Committee receive quarterly reports on risk management, including action taken and progress against milestones. Monitoring and reporting of risk is proportionate to this overall risk assessment, ensuring that a corporate focus is maintained for highest risks.</p> <p>To date, the development of risk management has been driven by the central risk management team which reports periodically to CMT. The Council recognises that risk management now needs to be devolved into departments and hopes to achieve this during 2009/10.</p> <p>The Council's revised framework for partnership governance requires officers to consider and document the main partnership risks which are then monitored by the relevant PDG. At a wider level, the Council has conducted a risk assessment against LAA targets, and these risks are integrated into delivery plans and review of these is part of the improved performance management arrangements.</p> <p>The Council has appropriate anti-fraud and corruption policies and procedures in place, including the recovery of losses and sanctions. This framework is supported by both Internal Audit and a specialist housing benefit team who report regularly to the Audit Committee on progress and actions. In May 2009 An electronic antifraud training package has been purchased to further raise antifraud awareness. The formation of a corporate fraud unit has been agreed at Audit Committee but is not yet in place. It has not been clear how the Council intended to monitor the delivery of its wider counter fraud strategy. The Audit Committee has since, in September 2009, been presented with a vehicle to monitor the delivery of this strategy. At July 2009, very few NFI data matches had been recorded as investigated by the Council.</p> <p>The Council has established a sound system of internal control that includes an Audit Committee, Internal Audit, Policy and Guidance framework and internal reporting. The Audit Committee is balanced in membership and has an independent chair with good knowledge of the functions and role of an Audit Committee and internal control framework. The Annual Governance statement is used to focus the Council on necessary changes to it's control environment and this resulted in improvements in 2008/09.</p>	

## Appendix 1 – Use of resources key findings and conclusions

### Theme 3 - managing resources

How well does the organisation manage its natural resources, physical assets, and people to meet current and future needs and deliver value for money?

<b>Theme 3 score</b>	<b>2</b>
Key findings and conclusions	
KLOE 3.1 (natural resources) score	2
Is the organisation making effective use of natural resources?	
<p>The Council understands the main influences behind its use of natural resources and is committed to reducing its impact on the environment but it is in the early stages of achieving this. Progress prior to 2008/09 was slow but has accelerated over the last 12 months. It needs to understand more about its use of natural resources.</p> <p>Easy wins are being sought in managing the natural resources for its own buildings and assets as well as in energy use. A carbon management board has been established to ensure that carbon reduction targets are met. There are strong links through this board to the LSP and its climate change group to identify how it fits with its partners. External agencies including the Carbon Trust and Energy Savings Board have been consulted to provide support in developing a climate change strategy. This strategy was not in place as at the year end.</p> <p>Clean Air continues to be an issue for the Council. It is managing four air quality management areas, but the overall effect of Council action is difficult given the location of the town (M40, M4, M25 and Heathrow).</p> <p>Staff green champions have just been reintroduced after lapsing since 2005 and their impact is not yet clear. A more co-ordinated approach needs to be developed to reduce the internal demand for natural resources, including targets and system to monitor progress against them.</p> <p>Overall scrutiny of the process is underdeveloped. Discussions on the topic at the community, leisure and environment panel were observed to be unfocussed and did not lead to clear demonstrable action or a recommendation that was fully considered or necessarily of a policy matter. The lack of focus on challenge means the Council is missing an opportunity to investigate policy in a detailed way that can inform how the Council responds to particular issues but the new carbon management board is supporting the Member Sustainability Champion to lead scrutiny of this area.</p> <p>A more co-ordinated approach that includes targets and monitoring processes will help the Council's scrutiny function to focus more clearly on what is being done to achieve the Council's overall aim to be carbon neutral and test progress being made towards this goal. It will be better placed to comment on the policies being promoted and link this to the work of the carbon management board and Member Sustainability Champion.</p>	

## Appendix 1 – Use of resources key findings and conclusions

KLOE 3.2 (strategic asset management) score	3
Does the organisation manage its assets effectively to help deliver its strategic priorities and service needs?	
<p>The Council has an organisation-wide approach to managing assets as a corporate resource. It is successfully implementing an award winning accommodation strategy that is delivering VFM benefits. The Council's asset management plan provides clear forward looking strategic goals for its property assets that show how the council's land and buildings will be used and developed to help deliver corporate priorities, now and in the future. The Council has acquired a new IPF property data management system. IPF carried out surveys of all property assets ensuring that the data held on the new system is accurate. The information held on this system is used to update Performance Indicators which in turn are used to inform the property review process.</p> <p>The capital programme gives priority to potential capital projects based on a formal, objective approval process. All capital bids are self-assessed against criteria and bids are scored against the criteria and prioritised. The Asset Management Group leads this process, and members are involved in providing a challenge. The corporate capital strategy is linked to corporate objectives and the MTFS.</p> <p>The Council is actively using its assets to invest in its priority area of regeneration. The Heart of Slough project master plan has been produced to deliver significant infrastructure improvement and potential economic benefits to the area. Overall shortfalls for the scheme are relatively small for the project and the Council has projected capital receipts that have increased as a result the capital investment is securing up to £400m worth of investment. There has been significant investment in to schools, eight of forty six schools have been rebuilt or replaced since 2005. The Council works in partnership to maximise use of assets for the best benefits of the local community, and is engaged in a Neighbourhoods approach to delivering community facilities, currently being piloted in two local areas. A draft Community Facilities Strategy has been drafted.</p>	

# Appendix 2 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
7	<p>R1 Use the principles outlined in the Audit Commission report 'World class financial management' to strengthen medium to long-term financial planning. This includes:</p> <ul style="list-style-type: none"> <li>greater modelling of different scenarios and outcomes;</li> <li>integration with risk management;</li> <li>delivering a clear 'financial road map' explaining where the Council is, where it wants to go and what resources are needed (or can be redirected) to get there</li> </ul>	3	Julie Evans	Yes	<p>The reorganisation of the Senior Management Team has resulted in an enhanced strategic finance function with stronger governance and impact on overall council direction. This is supported by organisational and behavioural changes.</p> <p>2010/11 budget setting process is over the full three years of the medium financial plan.</p> <p>Further enhancements to build on this year's progress will take place to ensure the clear 'Financial Road Map' is sustainable in the long term.</p>	March 2010
7	<p>R2 Review how the PPRG process operates to approve savings proposals. Move away from an annual savings exercise to longer term savings proposals that can properly accommodate 'invest to save' initiatives or more strategic reallocation decisions.</p>	3	Julie Evans/ Annal Nayyar	Yes	As above	March 2010

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
7	R3 Demonstrate VFM more clearly via service level benchmarking and analysis of service unit and transaction costs and effective evaluation of projects.	3	Roger Parkin/ Kevin Gordon	Yes	Project Evaluation Framework will use Prince 2 Principles and Methodologies  To ensure a greater breadth of benchmarking and VFM across the council's business areas, each service area Performance report to contain at least two VFM and benchmarking comparisons.	March 2010
8	R4 The Audit Committee needs to be clear how it can, and does, monitor compliance with relevant codes and procedures and how it demonstrates the awareness of its work. In particular, it needs to consider how to monitor delivery and impact of the counter fraud strategy.	2	Julie Evans/ Sudhi Pathak/ Kevin Gordon	Yes	A Corporate Fraud approach has been agreed and a fraud plan with discrete areas of work and resourcing is in place. This will be monitored quarterly by the Audit Committee.  Other planned actions include: Member Training, review of current codes of practice and procedures.	March 2010
8	R5 The Standards Committee needs to be clear how it can, and does, monitor compliance with relevant codes and procedures and demonstrate the impact of its work. It needs to monitor standards of behaviours within partnerships and do more to actively promote standards across the Council.	2	Julie Evans/ Steven Quayle	Yes	Planned actions include: Member Training, review of current codes of practice and procedures	March 2010

## Appendix 2 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
8	<p>R6 Focus on fully embedding and assessing the impact of new corporate arrangements for:</p> <ul style="list-style-type: none"> <li>• risk management</li> <li>• procurement</li> <li>• governance in partnerships and</li> <li>• data quality.</li> </ul>	3	Roger Parkin/ Jo Head/ Sudhi Pathak/ Kevin Gordon	Yes	<p>An action plan has been agreed for further embedding risk management.</p> <p>This includes identifying and training Risk Champions in each department and for ownership of risk to be taken by named officers</p> <p>Other areas are also being addressed, outcomes of improvements to be monitored and reported to CMT</p>	February 2010
9	R7 Improve the approach adopted towards the management of the natural resources by ensuring that this is co-ordinated and linked to targets and a system to monitor progress against them	3	Roger Parkin/ Amanda Renn/ John Palmer/ Neil Simons	Yes	<p>SBC is committed to reducing its CO<sup>2</sup> emissions and carbon footprint. Working in partnership with the Carbon Trust various projects are to be implemented to improve this area.</p> <p>A programme management approach using the Carbon Trusts methodology is being used by Slough.</p>	December 2009

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# The Audit Commission

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