

**BABERGH DISTRICT COUNCIL**

**FROM:** Director of Finance

**REPORT NUMBER:** **J134**

**TO:** OVERVIEW AND SCRUTINY  
(STEWARDSHIP) COMMITTEE

**DATE OF MEETING:** 17 November 2009

**ORGANISATIONAL ASSESSMENT AND USE OF RESOURCES – CORPORATE  
IMPROVEMENT PLAN**

1. **PURPOSE OF REPORT**

- 1.1 To report the outcomes of the 2008/09 Use of Resources Assessment, the issues that have emerged and the areas for improvement that should be considered for inclusion in the Council's Corporate Improvement Plan.

2. **RECOMMENDATIONS**

- 2.1 That the Council's Corporate Improvement Plan reflects the key areas for improvement and actions outlined in the Appendices to this report.
- 2.2 That the Director of Finance be authorised to amend and update the Appendices to include actions relating to the 'Use of Natural Resources' KLOE and following further consideration of the specific improvement actions to reflect the outcomes of the Audit Commission's review of Babergh's 2008/09 Organisational Assessment, for submission to Strategy Committee.

The Committee is able to resolve these matters.

3. **FINANCIAL IMPLICATIONS**

- 3.1 Largely staff resources on implementing and monitoring the Corporate Improvement Plan. Specific actions will only be implemented within the Policy and Budget Framework.

4. **RISK MANAGEMENT**

- 4.1 The report relates to Significant Business Risk No.7 – Financial, Performance and Risk Management. Key risks are set out below:

<b>Risk Description</b>	<b>Likelihood</b>	<b>Seriousness or Impact</b>	<b>Mitigation Measures</b>
Action is not taken to address the improvement areas outlined in the report.	Low	Marginal	The Corporate Improvement Plan will set out the issues that need addressing. Officers have already implemented a number of these.
Future Organisational Assessments fail to recognise the Council's achievements.	Significant	Critical	Engage with the auditors to ensure that there is absolute clarity on the improvements that are required to achieve level 3 performance.

5. **Key Supporting Information**

- 5.1 The Comprehensive Area Assessment framework introduced a new Organisational Assessment for 2008/09. This comprises a more challenging Use of Resources assessment than in previous years and a Managing Performance assessment.
- 5.2 This report focuses on the Use of Resources aspect but also makes reference to the key issues relating to the Managing Performance and overall Organisational Assessment. The Council has been judged as follows on each Key Line of Enquiry (KLOE):

<b>KLOE</b>	<b>Score</b>	<b>BDC view</b>
Planning Finances	Level 2	Achievements, outcomes and processes not fully recognised. Review requested for Level 3.
Understanding Costs and Performance	Level 2	Although we are a low cost Council , unable to fully demonstrate that costs have been scrutinised to deliver improved Value for Money.
Financial Reporting	Level 2	Arrangements and improved outcomes on the 2008/09 Accounts not fully recognised. Review requested for Level 3.
Commissioning & Procurement	Level 3	Accepted, although our very strong procurement arrangements and outcomes have not been fully recognised.
Relevant & Reliable Data	Level 2	Accepted. Some areas such as the data quality policy have been implemented for this year.

KLOE	Score	BDC view
Good Governance	Level 3	Accepted, although a much stronger Level 3 than indicated by the auditors.
Risk Management & Internal Control	Level 2	Achievements, outcomes and processes not fully recognised. Review requested for Level 3.
Workforce Planning and Development	Level 2	Workforce planning arrangements stronger than assessment. Review requested for Level 3.

- 5.3 Overall, this results in a level 2 or 'adequate, score for Babergh. The Auditors have provided a report setting out the areas for improvement. A significant number of these are not accepted by officers and it is also felt that many strengths and achievements by the Council have not been fully recognised. As a result, officers have submitted a request for review of our overall assessment by the Audit Commission.
- 5.4 In the meantime, it is accepted that improvements are required in some areas and actions are being implemented by officers or are being fully considered in terms of further strengthening of arrangements in relation to these.
- 5.5 Details are set out in Appendix A, which also includes issues identified in the 2008/09 Annual Governance Statement. Once the outcomes of the Audit Commission review are known, the issues and actions will need amending as necessary.
- 5.6 In addition to this, a new area, related to the 'Use of Natural Resources' will be assessed by the auditors this year. Progress and actions in relation to this will need adding to the improvement plan.
- 5.7 An overall Corporate Improvement Plan will then be presented to Strategy Committee in January for adoption, with this Committee monitoring progress.
- 5.8 The Corporate Improvement Plan will be a high-level document that underpins the Council's drive in the medium-term to provide value for money and cost-effective services, supported by appropriate and relevant governance arrangements and processes. It will, therefore play a very important part in the Council's improvement agenda.
- 5.9 In terms of the Managing Performance aspect and the overall Organisational Assessment, issues for consideration and potential inclusion in the Corporate Improvement Plan are set out in Appendix B.
- 5.10 It should be noted that **overall details of the organisational assessment scores are embargoed by the Audit Commission until Mid-December.**

6. **APPENDICES**

A – Corporate Improvement Plan – Key Issues and Actions.

B – Organisational Assessment – Managing Performance.

7. **BACKGROUND PAPERS REFERRED TO**

PKF Use of Resources report.

Organisational Assessment.

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## Appendix A

### Draft Corporate Improvement Plan

#### Organisational Assessment, Use of Resources and Governance Issues

Key Outcome or Issue	Action
Demonstrate clear outcomes and ownership of the financial planning process and its impact on service planning.	1. Ensure the Council's One Year Delivery Plan and Service Plans are used to achieve clear and improved outcomes.
	2. Fully involve Members, senior management and staff in developing future financial and service plans and provide strong leadership in managing the Council's finances.
Scenario Planning is undertaken in relation to the financial planning process.	3. Model different financial scenarios based on differing Government grant, Council Tax and savings and efficiency levels.
	4. Produce a more detailed Medium-Term Financial Strategy that is integrated with and links to the Council's overall 3-year priority outcomes and service plans.
	5. Ensure, through specific events and targeted communications that all key stakeholders, including partners, are involved in the Strategic and Financial Planning (SFP) process and are fully aware of the Council's financial position and plans.
Engagement with stakeholders in the financial planning process.	6. Seek input on key issues and, specifically, savings and efficiency proposals as part of the SFP process.
	7. Consult on significant spending and charging proposals.

Key Outcome or Issue	Action
<p>Deliver efficiency savings through various means, including a systematic approach to understanding costs and performance and challenging VfM.</p>	<p>8. Undertake a 'budget deconstruction exercise' as part of an overall Savings and Efficiencies plan to inform where savings can be made and/or resources redirected to higher priority outcomes/services.</p>
	<p>9. Undertake benchmarking to identify relatively higher cost services and analyse existing staffing and other costs to identify savings and improve VfM.</p>
	<p>10. Undertake efficiency reviews and actively pursue shared services proposals with other Councils.</p>
	<p>11. Ensure the effectiveness of partnerships are regularly reviewed and that outcomes are clearly reported to demonstrate the achievement of VfM.</p>
<p>Ensure that risks in achieving the annual budget and that the financial performance of partnerships are fully considered.</p>	<p>12. Clear forecasts on key budget risk areas and the overall predicted outturn for the year to be clearly set out in reports to Members under the quarterly Performance Management Framework reporting arrangements.</p>
	<p>13. Enhance reporting to focus more on outcomes and key achievements and improve the integration and linkages between the budget and performance information in quarterly reports.</p>
	<p>14. Through the Partnership Strategy, ensure that the financial governance and reporting arrangements for all significant partnerships are systematically reviewed and that financial performance is reported on throughout the year.</p>

Key Outcome or Issue	Action
Timely and accurate completion of the Statement of Accounts, the Annual Report and other externally reported information, with improvements to the presentation and content wherever possible.	15. Ensure the accounts are fully complete in accordance with all relevant requirements. Continue to fully engage with the external auditors on all aspects and produce high quality working papers.
	16. Simplify the content and presentation of the accounts to achieve the best possible degree of understanding by Members and other stakeholders.
	17. Produce the annual report as soon as possible after the end of the financial year and ensure that this and other information is based on consulting stakeholders on the content/information needs and that the content fully meets all audit requirements.
Deliver strong procurement outcomes that deliver savings and VfM.	18. Undertake quarterly reviews of procurement spending in order to inform the Action Plan setting. Continuously identify new actions that will deliver savings and efficiencies to meet the procurement savings target of £50,000 p.a. (with a 'stretched target' of £100,000 p.a.).
	19. Use the contracts register to provide early warning of contract renewals and expand to include a 'future contracts' section.
	20. In the light of LGR not proceeding, examine greater opportunities for joint procurement of goods and services.
Formal data sharing protocols, statements or service level agreements should be agreed with partners.	21. Babergh to sign the General Information Sharing Protocol in the Suffolk Strategic Partnership Information Sharing Protocol 2009 which sets out the framework for sharing data between partners.

Key Outcome or Issue	Action
Improve data quality arrangements.	22. Develop and monitor formal annual data quality action plan
	23. Arrangements for checking data to be reviewed and enhanced for 2009/10 to include spot checks of individual indicators through the internal audit function.
	24. Review risk assessment processes to include consideration of data quality
Obtain feedback on report styles to ensure they are fit for purpose.	25. Various options for the formatting and presentation of information to decision makers to be considered as part of the annual review of the performance management framework.
Utilise the countywide Joint Strategic Needs Assessment more effectively in relation to planning and priority setting.	26. This needs further consideration, although the influence is largely on County Council led work.
Individual personal development plans for Members are used to identify skill gaps and inform training plans for the year ahead.	27. All Members actively encouraged to attend training sessions on 'Personal Development Planning and 'Training Needs Analysis' run by Improvement East.
	28. Members to attend appropriate training courses where skill gaps have been identified as a result of the above.

Key Outcome or Issue	Action
Information is disseminated to staff, local people and communities that highlights the importance of the ethical agenda and in particular the importance of maintaining high standards of conduct within the Council to ensure probity.	29. The Standards Committee to identify examples of where its work has helped promote and demonstrate the principles and values of good governance against the UoR criteria.
	30. Furthermore, the Committee is asked to nominate a representative to work along side the Monitoring Officer to develop further ideas for promoting and delivery of high standards of behaviour.
To improve the governance and delivery of effective partnerships	31. Develop and implement the Partnership Strategy.
	32. Performance measures are put in place to demonstrate that the Council's significant partnerships are providing effective outcomes and value for money.
Operational Service Risks are identified. Monitored and mitigating actions taken.	33. Significant risks within divisions are included in the Service Plans and are regularly monitored and reviewed.
	34. Significant issues on operational risks are reported to Members in the Quarterly Risk Management reports to the Overview and Scrutiny (Stewardship) Committee.
	35. Introduce measures to improve linkages between Service risks and corporate risk management issues.
Risk Management training is provided to Members and staff according to needs.	36. Suitable and adequate training is agreed and arranged in accordance with an agreed annual programme.

Key Outcome or Issue	Action
	37. New and promoted staff who have risk management responsibilities to receive appropriate induction training.
The Ethical Governance Framework is promoted and communicated widely to ensure maximum awareness and effectiveness.	38. Use the IDeA ethical governance benchmarks, put in place measures to further promote and strengthen awareness and understanding of ethical issues and the governance framework following the recent ethical training programme e.g. through the intranet and other means.
	39. Undertake pro-active fraud work across the council to ensure a 'zero tolerance' to fraud and corruption, in accordance with the approved Anti-Fraud and Corruption and Whistleblowing Policy.
	40. Regularly evaluate and assess the effectiveness of the Anti-Fraud and Corruption and Whistleblowing Policy including a Fraud Awareness Survey, with appropriate action on this.
There is a strategic understanding of workforce issues and these are factored into corporate planning processes to demonstrate the impact on workforce planning.	41. Development of a Corporate Workforce Development Plan which utilises the workforce data and links in with service plans, the Councils medium and long term strategic plans and challenges and identifies and takes into account wider trends will meet this challenge
	42. Production of the Plan will need to involve all stakeholders to ensure that it is a relevant working document.
Ensure continuous progress on diversity and equalities.	43. By meeting the Achieving level of the Equality Standard, the Council will be raising its achievements and impact on the diversity and equality matters in line with recommended good practice.

Key Outcome or Issue	Action
The council has a positive brand as an Employer including the ability to attract under represented groups.	44. Identify and research under represented groups and appropriate strategies to increase employment in this area.
Actions within the OD Plan have made an impact on outcomes and deliverables.	45. Review the methods used to evaluate and measure the outcome of actions. Improve these where necessary and ensure that these are undertaken and monitored with outcomes shared and learning undertaken where necessary.
Staff satisfaction and morale is monitored, particularly through periods of change, to achieve high levels of satisfaction across the Council and different workforce groups.	46. Develop and manage a programme to undertake appropriate surveys and measurements of staff satisfaction and morale.
Maintain staff sickness at a low level.	47. Continue to monitor sickness levels and actively manage. Maintain high level of awareness among Managers and improve the sickness procedure.
Review staff costs in high spending areas by benchmarking against other organisations or by using business improvement approaches to identify potential areas for efficiency savings and increased productivity.	48. Research talent management approaches and identify the best approach to fit BDC. Reflect this within the OD Plan and Workforce Development Plan.

Key Outcome or Issue	Action
Consider a total rewards approach to attract, retain and reward staff.	49. Examine a flexible benefits package for staff with a view to introducing if appropriate
Ensure a sustained and continued engagement with staff on change management and the difficult challenges facing the Council.	50. Identify a further programme for staff to provide support through the significant changes facing them on both a practical and emotional level.
Improve workforce planning through use of HR establishment data and the Organisational Development Plan.	51. Collect and analyse HR establishment data to produce a workforce plan to supplement the existing Organisational Plan.
Formal and 'lower level' complaints are dealt with more effectively, through the Customer Access and Service Transformation (CAST) Action Plan.	52. Continue regular customer satisfaction surveys and customer exit surveys, the next comprehensive one being in January 2010. Take appropriate action as a result.
Further develop and monitor the internal and external communications and consultation strategy to secure meaningful two-way engagement and feedback.	53. Review the external communication and consultation strategy to ensure that its deals with changes in technology.
	54. The draft Internal Communication Strategy is formally ratified by Committee.

## Appendix B

### Organisational Assessment - Managing Performance

The Managing Performance element of the organisational assessment has not provided a specific list of improvement actions for this theme. However the draft organisational narrative document contains a number of assertions which can be used as the basis for improvement planning, as set out below.

<b>Improvement area identified</b>	<b>Proposed action</b>
Some of the Council's own development and regeneration projects are not being delivered to planned timescales.	Individual projects will be reviewed and monitored through the project board process; individual project teams support specific projects.
Some way to go before equality and diversity is fully integrated into all aspects of service planning and delivery.	To monitor and manage delivery of the Council's EFLG Action Plan (this was approved in July 2009 and progress will be reported to O&S(S) Committee on 17 Nov).  Equality and Diversity to be embedded in the 2009/10 Service Plans. Programme of Equality Impact Assessment training to be extended to all relevant Service Managers. Programme of Equality Impact Assessments for key services to be embedded in 2009/10 and, in the medium term, a rolling programme to be established.
The Council does not consistently monitor the data it gets to make sure all groups can access services equally.	Actions to address and improve monitoring arrangements are set out in the Council's Single Equality Scheme Action Plan (progress on this will be reported to O&S(S) Committee on 17 Nov).
The Council has not always made the progress it wanted to make in improving some of its services during 2008/09.	Set a target to achieve a positive direction of travel on all key performance measures in 2009/10 compared to 2008/09.

<b>Improvement area identified</b>	<b>Proposed action</b>
Councillors set targets each year for improvement although these will not always expect big improvements.	Review format and criteria for target setting for 2010/11, to be completed by end November 2009.
Service standards are published on the web – not all of them are clear.	Develop a process for monitoring and measuring achievement of service standards in 2009/10. Report progress to O&S (S) Committee in January 2010 (see corporate work programme for details).
Greater consistency could be achieved in service planning.	Service plans developed for all service areas for 2009/10 demonstrating link to achievement of corporate priorities.