Use of Resources

Suffolk County Council

Audit 2008/09

December 2009

auditcommission

Contents

Summary

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

1 The Council has been assessed as performing well in managing finances and managing resources. Performance in governing the business has been assessed as adequate.

2 Our work on the Council's arrangements to secure economy, efficiency and effectiveness is now aligned with the use of resources assessment. I am satisfied that the use of resources assessments have not identified any areas of concern that impact on my responsibility to conclude on the Council's arrangements to secure economy, efficiency and effectiveness. As a result, I issued an unqualified opinion on the value for money conclusion on 30 September 2009.

3 I have identified a number of areas for improvement which are detailed in this report. Key areas for improvement include the followimg.

- Ensure that the costing of service plans is considered consistently across the Council and that the application of corporate guidance in this area is fully embedded.

- Embed the recently developed Value for Money Strategy throughout the organisation to ensure further efficiencies are achieved across the Council's core services, unit costs are reduced and areas of high cost and poor performance are addressed.

- Strengthen the commissioning of services by embedding the engagement of local communities in procurement throughout the organisation.

- Improve data quality arrangements by enhancing governance and leadership through fully embedding the comprehensive and relevant data quality policy developed by the Council and consistency of ownership and responsibility across all Directorates and between partners.

- Enhance and embed procedures to ensure that all identified risks are recorded in a single risk register maintained on the JCAD risk management system.

- Embed the Strategic Asset Management Plan and the Corporate Property Strategy across all Directorates of the organisation to ensure that key strategic objectives regarding the asset base are achieved.

4 Our detailed findings are shown in Appendix 1.

Introduction

5 This report sets out my conclusions on how well Suffolk County Council 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.

6 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 Council to mitigate the risk and plan our work accordingly. This work is now complete.

7 The Audit Commission has completed its national quality assurance (NQA) process. Therefore the scores included in this report are final.

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 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.

10 The Commission specifies in its annual work programme and fees document, which KLOE are assessed over the coming year.

11 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.

Introduction

Table 1   Levels of performance

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

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

Use of resources judgements

Scored judgements

12 Suffolk County Council's use of resources theme scores are shown in Table 2.

Table 2   **Use of resources theme scores**

Use of resources theme	Scored judgement
Managing finances How effectively does the organisation manage its finances to deliver value for money?	3
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?	2
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?	3

Managing finances

13 The Council is assessed as performing well in the management of its finances. Financial and strategic planning is integrated and resources are effectively directed towards the delivery of both corporate and community priorities. The Council can clearly demonstrate links within the budget planning process to performance and benchmarking, and the Council's Corporate Planning and Performance Guidance includes the financial cycle alongside the performance cycle. Financial planning, and in particular the budget setting process, is effectively informed by extensive consultation with a wide range of stakeholders.

14 Understanding of costs is improving but the integration of costs in service planning is limited. The cost of delivering service plans is not considered consistently across the Council despite corporate guidance specifying that plans should be affordable and in line with Value for Money Strategy. Suffolk County Council has a strong track record in delivering significant efficiency savings and continues to take positive action to manage and reduce its costs.

Use of resources judgements

15 Sound arrangements continue to be in place across the financial reporting focus areas, further improvements to these arrangements have been implemented where required. The introduction of the upgrade of the General System to Oracle 12 has delivered further improvements to financial monitoring systems and there is evidence that these are embedded across the organisation. The Council prepared accounts that met statutory requirements and financial reporting standards. Statutory deadlines were met and working papers were of a very good quality. The audit opinion was unqualified and the Annual Governance Report contained no significant matters.

Areas of improvement

16 We identified the following areas for improvement for Suffolk County Council.

- Ensure that the costing of service plans is considered consistently across the Council and that the application of corporate guidance in this area is fully embedded.

- Embed the recently developed Value for Money Strategy throughout the organisation to ensure further efficiencies are achieved across the Council's core services, unit costs are reduced and areas of high cost and poor performance are addressed.

Governing the business

17 The Council is assessed as performing adequately in its governance of the business. The Council's Procurement Strategy was approved in March 2009, and has combined its procurement expertise into sourcing, procurement and contract management functions. The procurement of a significant proportion of products and services is controlled through the centralised e-procurement system; however, new procurement procedures are not yet fully embedded across the organisation. Positive action is being taken to engage local people in the commissioning of services but again impact has yet to be fully embedded. The Council is improving its understanding of the supply market through collaborative approaches to procurement which is achieving cost savings.

18 The Council is committed to improving data quality but as yet it has not fully implemented those required improvements identified during the 2008 review of data quality governance and leadership, such as fully embedding the Council's data quality policy and consistency of ownership and responsibility across all directorates. Positive action is being taken to improve data to inform decision making, and staff across directorates and within partnerships are becoming more aware of their responsibility for improving the quality of data in order to assist better decision making. Data security measures are improving but have not been fully implemented.

19 The Council has adopted, promotes and demonstrates the principles and values of good governance, and uses the Annual Governance Statement as a vehicle to communicate these. Corporate guidelines for partnership working have been developed and approved during 2008/09, however as a result governance arrangements over partnerships are not fully embedded throughout all significant partnerships entered into by the organisation.

20 The Council routinely risk assesses all of its key decisions and savings proposals although it is undertaking the required actions to further embed risk management across the organisation. Systems are in place to monitor and manage risks associated with partnership working; however planned work includes the need to ensure that all risks are recorded in a single risk register. The Council has a robust anti-fraud and anti-corruption policy. Key controls are in place to ensure implementation of the policy, which include a Code of Conduct for Councillors and a register of interests for both staff and councillors.

Areas of improvement

21 We identified the following areas for improvement for Suffolk County Council.

- Enhance procurement performance through embedding new procurement systems such as P2P fully across the organisation.

- Strengthen the commissioning of services by embedding the engagement of local communities in procurement throughout the organisation.

- Improve data quality arrangements by enhancing governance and leadership through fully embedding the comprehensive and relevant data quality policy developed by the Council and consistency of ownership and responsibility across all Directorates and between partners.

- Enhance data security measures across the Council through the encryption of hard disks on all laptops where sensitive data is used and encrypting all memory sticks.

- Embed the consistent utilisation of performance systems and clear outcome focused targets across the organisation to ensure that both statutory services and partnerships are delivering improvements for local people.

- Enhance and embed procedures to ensure that all identified risks are recorded in a single risk register maintained on the JCAD risk management system.

Managing resources

22 The Council is assessed as performing well in the management of its resources. Environmental sustainability is being prioritised effectively. One of the corporate priorities specified in the Suffolk Story is to make Suffolk the Greenest County, and extensive consultation demonstrates the support of local people to deliver this aspirational green agenda. Councillors and senior managers are providing strong leadership in this area. The Council is taking positive and effective action to monitor and reduce it energy consumption and use of natural resources and is on track to achieve energy savings targets of 250,000KWh across its property portfolio. Effective working with partner organisations is achieving challenging environmental targets, and through the Community Strategy and Local Area Agreements partner organisations share sustainability targets. New buildings are being designed to achieve a BREEAM rating of very good or excellent. Key examples here are the joint project with St Edmundsbury Borough Council to deliver a public service village with shared working space and green travel arrangements, and a new sixth form centre which includes inter seasonal heat transfer and building materials which are low maintenance and self finishing.

Use of resources judgements

23 The Council's key strategic objective regarding its asset base is to give support to the community by providing the right premises in the right location at the right time and with the right information and communication technology in a way that best meets the needs of our customers. The Council is investing in improvements to property and asset management but this is at an early stage and impact is limited. The Strategic Asset Management Plan is currently under development. The Corporate Property Strategy was submitted to Cabinet in March 2009 integrating three key strategies for the future of the Council's property assets. The Council is continuing to invest to improve data relating to assets and property but this work has still to be completed. The Council has committed itself to use the Council's property assets to spearhead a sustainable low carbon community for Suffolk, including the aim of developing a zero carbon school by 2013. The Council has worked with partners to enhance the flexibility and cost effectiveness of new developments, for example with St Edmundsbury Borough Council on the West Suffolk House Public Service Village. The benefits of the Public Service Village are estimated to produce a cumulative total of saving of £11.5 million over 25 years. Although some assets are being used to meet community needs, there is not a consistent strategic approach.

Areas of improvement

24 We identified the following areas for improvement for Suffolk County Council.

- Embed the Strategic Asset Management Plan and the Corporate Property Strategy across all Directorates of the organisation to ensure that key strategic objectives regarding the asset base are achieved.

Detailed findings

25 The key findings and conclusions for the three themes, and the underlying KLOE, are summarised in Appendix 1.

Use of resources 2009/10

26 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. My work on use of resources informs my 2009/10 value for money conclusion. In my letter of 24 April 2009 about the audit fee for 2009/10, I identified two significant risks 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   Initial risk assessment

Risk	Planned work	Timing of work
Dependent upon the final outcome of Local Government Re-organisation in Suffolk, there is a risk in respect of the capacity of the Council to maintain its governance arrangements and maintain services in a period.	I will maintain a watching brief in respect of the impact of local government re-organisation throughout the year, as part of our work on Use of Resources.	April 2009 to September 2010
There is a risk that the economic downturn may impact on the Council's revenues and create significant demands on service provision	I will maintain a watching brief in respect of the impact of the economic downturn throughout the year, as part of our work on Use of Resources.	April 2009 to September 2010

27 An additional KLOE, 3.3 - workforce planning will apply to county councils for 2009/10. KLOE 3.1 - Natural resources will not be assessed for single tier and county councils in 2009/10. I have also considered any additional risks arising from my 2008/09 value for money conclusion.

28 I have not identified any additional risks in relation to my 2009/10 value for money conclusion.

Appendix 1 – Use of resources key findings and conclusions

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

Table 4   **Theme 1 - managing finances**

Theme 1 score	3
Key findings and conclusions	
The Council is assessed as performing well in the management of its finances. Financial and strategic planning is integrated and resources are effectively directed towards the delivery of both corporate and community priorities. The Council can clearly demonstrate links within the budget planning process to performance and benchmarking, and the Council's Corporate Planning and Performance Guidance includes the financial cycle alongside the performance cycle. Financial planning, and in particular the budget setting process, is effectively informed by extensive consultation with a wide range of stakeholders. Understanding of costs is improving but the integration of costs in service planning is limited. The cost of delivering service plans is not considered consistently across the Council despite corporate guidance specifying that plans should be affordable and in line with Value for Money Strategy. Suffolk County Council has a strong track record in delivering significant efficiency savings and continues to take positive action to manage and reduce its costs. Sound arrangements continue to be in place across the financial reporting focus areas, further improvements to these arrangements have been implemented where required. The introduction of the upgrade of the General System to Oracle 12 has delivered further improvements to financial monitoring systems and there is evidence that these are embedded across the organisation. The Council prepared accounts that met statutory requirements and financial reporting standards. Statutory deadlines were met and working papers were of a very good quality. The audit opinion was unqualified and the Annual Governance Report contained no significant matters.	

KLOE 1.1 (financial planning) score	3
Key findings and conclusions	

Integrates Financial and Strategic Planning

There is robust and extensive evidence that financial and strategic planning is integrated and resources are effectively directed towards the delivery of both corporate and community priorities. The budget book details the process which joint Cabinet and Corporate Management Board (CMB) undertake to arrive at budget proposals, which they then recommend to Council for approval. The budget book demonstrates how the council ensures that the distribution of financial resources is consistent with the council's priorities and the outcomes they are designed to deliver. As a result, financial and corporate planning is an integrated process. The Council can clearly demonstrate links within the budget planning process to performance and benchmarking, and the Council's Corporate Planning and Performance Guidance includes the financial cycle alongside the performance cycle. This enables the Council to monitor and evaluate whether the distribution of financial resources is having the desired impact on performance and allows the council to compare its performance with other county councils.

Engages Local Stakeholders

Financial planning, and in particular the budget setting process, is effectively informed by extensive consultation with a wide range of stakeholders. The priorities for budget allocation in 2008/09 were influenced by the outcomes of a range of focus groups, held across Suffolk, in partnership with the police and district/borough councils. In addition the Section 151 officer and the Portfolio Holder for Resource Management and Transformation attend a series of Suffolk Association of Local Councils meetings when the budget proposals are presented and discussed in a public forum. Directorate financial planning is influenced by key stakeholders, for example Suffolk Association of Independent Care Providers in the Directorate of Adult Social Care. There is evidence that consultation is inclusive, an example being the Suffolk User Forum for mental health services being consulted about the proposed changes to the mental health fund services. A two year review of the LMS Funding Formula has resulted in targeting more funds towards those children affected by special educational needs, deprivation, ethnicity, and looked after children. Some resources are being delegated for local allocation such as £570k of Local Transport Plan capital funding. Participatory budgeting is being piloted through three mini community boards in Mid Suffolk.

Manages spending

The Medium Term Financial Strategy identifies detailed cost pressures for a three year period, and these cost pressures are routinely subject to senior management challenge to ensure they are robust. At each joint Cabinet and CMB meeting strategic finance provide a summary financial forecast. The forecast identifies any resulting budget gap, which is then addressed by either reviewing the cost pressures, identifying additional efficiencies which can be delivered or by increasing the level of budget savings. These are decisions which Cabinet and CMB make with due regard to the Council's priorities. The Council is therefore taking robust and effective action to deliver its programme within the available resources and uses this process to shift resources away from non-priority areas. The Council has accurately predicted budget shortfalls over the medium term and through the Securing the Future initiative put into place a strategic approach to deliver cost savings whilst maintaining a consistent focus on the delivery of corporate priorities.

Individual and Collective Responsibility

The Council and its service delivery partner have made a significant investment in budget management in 2008/09 with positive outcomes. Project Matrix and the introduction of the Oracle 12 financial management software has been supported by an extensive financial training programme including one to one coaching and interactive information technology support. Over 500 managers have received training on their roles and responsibilities in budget management.

Appendix 1 – Use of resources key findings and conclusions

KLOE 1.2 (understanding costs and achieving efficiencies) score	2
Key findings and conclusions	

Understanding costs

The Council's understanding of costs is improving but the integration of costs in service planning is limited. As part of the Council's annual budget setting there is an assessment of changes in costs and an evaluation of what factors influence and drive costs. The upgraded Oracle general ledger system (version 12) is now providing enhanced information on costs for both service providers and commissioners. The key improvements included within Oracle 12 include a forecast field for predicting outturns, and a facility that enables managers to identify factors which may affect their budgets, for example staff vacancies. However the cost of delivering service plans is not considered consistently across the Council despite corporate guidance specifying that plans should be affordable and in line with Value for Money Strategy. The Council is able to demonstrate that it can accurately identify external factors which affect costs, an example of this being the assessment made of the impact of rurality on education budgets such as home to school transport. The ability to identify cost drivers is vital as, for example, within the directorate of adult and social care 87 per cent of forecast demand pressures are linked to the ageing population.

Decision making

There is evidence that costing and investment decisions are made according to priorities and based on the Council's understanding of its cost base. Internal and external horizon scanning is undertaken by the finance team on a regular basis which informs Medium Term Financial Planning. Whole life costing is undertaken with the focus primarily on the capital programme. All significant capital schemes use whole life costing and the identification of revenue impact is also undertaken. The Corporate Property Strategy focuses effectively on whole life costing. A key example of this was the costing model used for the joint Suffolk County and St Edmundsbury Borough Public Service Village at Bury St Edmunds, which assessed the full cost of the project over a 30 year period.

Efficiencies

The Council has a strong track record in delivering significant efficiency savings and continues to take positive action to manage and reduce its costs. Council tax rises are comparatively low with the 2009/10 council tax increase of 2.45 per cent being the lowest increase that the Council has ever delivered. Service Scrutiny Committees review the delivery of the budget savings, all services therefore delivered their budget savings, resulting in a small forecast underspend for 2008/09 overall. The Council is making savings from services to re-invest in priority areas. An example of this being the Council decision to move £250,000 (over three years) from non-statutory areas of school support which was then provided to schools on a traded basis. Improvements to the ICT infrastructure have delivered enhanced performance at no extra cost including a range of other facilities that can be ordered and approved online. Value for Money is generally good although some areas of high cost and comparatively poor performance remain. A new Value for Money Strategy has only recently been developed which is designed to achieve further efficiencies across the Council's core services and reduce unit costs; for example implementing the adult services customer journey transformation project. The Council is using capital investment to deliver revenue efficiencies, and example being the Directorate of Environment and Transport using a prudential loan of £2.5 million per year for two years to buy a new vehicle fleet with resultant reductions in servicing and breakdown costs.

KLOE 1.3 (financial reporting) score	3
Key findings and conclusions	

Financial Monitoring and Forecasting

The Council continues to have sound arrangements in place across the financial reporting focus areas, and implements further improvements where required. Budget monitoring reports are produced on a monthly basis and include forecasts to the end of year, clear summary of the reasons for any variances against budgets and actions proposed to correct these variances and summary reports to Members. There is clear evidence that Councillors provide an effective challenge to budget monitoring and spending. The introduction of the upgrade of the General System to Oracle 12 has delivered further improvements to financial monitoring systems and there is evidence that these are embedded across the organisation. Some issues with Oracle 12 were experienced, although these have now been addressed. The Council has demonstrated how these systems and processes have contributed to a responsive financial environment, which identifies under and over spends promptly to ensure improved performance in priority areas; flexible and effective reallocation of resources, whereby financial resources are tracked and reallocated to other priority areas where not being utilised; and effective and timely decision making, which included early identification of performance issues.

Monitoring Performance

Finance and performance management are becoming fully integrated across the Council. Performance information is used to explain budget variances, and although non financial performance information is reported to Members, this is not yet fully integrated with financial performance. Members receive regular budget monitoring reports and one to one meetings take place between portfolio holders and officers to review and question specific budget items and related performance. Work to strengthen the links between finance, performance and risk information is underway with a joint report presented to Cabinet and CMB on 9th March 2009 as a suggested template / structure for future performance reports.

Clear Financial Reports

Project Matrix, the overarching control project for the General Ledger upgrade and the introduction of Oracle 12 has delivered better budget information. New budget reports are easier to read and to drill down. Finance staff are supporting and challenging budget managers in order to deliver Value for Money, and there is better understanding of how budgets help to secure future frontline services. Budget reviews are used to test performance and financial management. A clear example of these improvements is given by care data that is now inked into Oracle and can model the impact of charging rates on care packages.

Accounts Meet Statutory Requirements

The Council prepared accounts that met statutory requirements and financial reporting standards. Statutory deadlines were met and working papers were of a very good quality. The audit opinion was unqualified and the AGR contained no significant matters. The Council had a number of effective processes in place which assisted in achieving the above outcome. These included active use of in year close-downs to inform year-end processes; positively responding to the challenges of faster close, including a re-engineering of the close down process; implementing further procedures to ensure continued improvements in financial statements and working papers; and effective challenge and scrutiny of the year-end results by the Statement of Accounts Sub-Committee and Audit Committee.

Appendix 1 – Use of resources key findings and conclusions

Key findings and conclusions
Objective and Balanced Reports Published reports provide an objective, balanced and understandable assessment of the Council's performance during the year, and the Council has made significant improvements recently to ensure they publish reports on a timely basis and in accessible formats. Published information is genuinely accessible and reflects the needs of users, in particular using various forums to enhance accessibility for particular people who speak alternative languages and ensuring that financial information is presented in a user-friendly manner.

Table 5   Theme 2 - governing the business

Theme 2 score	2
Key findings and conclusions	
The Council is assessed as performing adequately in its governance of the business. The Council's Procurement Strategy was approved in March 2009, and has combined its procurement expertise into sourcing, procurement and contract management functions. The procurement of a significant proportion of products and services is controlled through the centralised e-procurement system; however, new procurement procedures are not yet fully embedded across the organisation. Positive action is being taken to engage local people in the commissioning of services but again impact has yet to be fully embedded. The Council is improving its understanding of the supply market through collaborative approaches to procurement which is achieving cost savings. The Council is committed to improving data quality but as yet it has not fully implemented those required improvements identified during the 2008 review of data quality governance and leadership, such as fully embedding the Council's data quality policy and consistency of ownership and responsibility across all directorates. Positive action is being taken to improve data to inform decision making, and staff across directorates and within partnerships are becoming more aware of their responsibility for improving the quality of data in order to assist better decision making. Data security measures are improving but have not been fully implemented. The Council has adopted, promotes and demonstrates the principles and values of good governance, and uses the Annual Governance Statement as a vehicle to communicate these. Corporate guidelines for partnership working have been developed and approved during 2008/09, however as a result governance arrangements over partnerships are not fully embedded throughout all significant partnerships entered into by the organisation. The Council routinely risk assesses all of its key decisions and savings proposals, although it is undertaking the required actions to further embed risk management across the organisation. Systems are in place to monitor and manage risks associated with partnership working; however planned work includes the need to ensure that all risks are recorded in a single risk register. The Council has a robust anti-fraud and anti-corruption policy. Key controls are in place to ensure implementation of the policy, which include a Code of Conduct for Councillors and a register of interests for both staff and councillors.	

Appendix 1 – Use of resources key findings and conclusions

KLOE 2.1 (commissioning and procurement) score	2
Key findings and conclusions	

Clear vision

Commissioning and procurement effectively support the delivery of both corporate and community priorities. For example, in 2008/09 commissioning decisions delivered better outcomes for vulnerable groups, improved environmental sustainability and Value for Money. The Council's Procurement Strategy was approved by elected members in March 2009. This strategy has combined its procurement expertise into sourcing, procurement and contract management functions and invested in electronic procurement and in recruiting and training procurement staff. The procurement of a significant proportion of products and services is controlled through catalogues managed through the centralised e-procurement system and other service specific systems. However, the new procurement systems such as P2P are not yet fully embedded across the organisation, for example P2P has yet to be rolled out in the Children's and Young Peoples Directorate. Despite significant improvements in procurement capacity over the last year it still remains stretched in some areas.

Involvement

The Council is taking positive action to engage local people in the commissioning of services but impact has yet to be embedded across the organisation. It actively engages service users including hard to reach groups in commissioning decisions, notably in 2008/09 in the commissioning of mental health and adult social care services. In procurement, the Council has run a series of training events on tendering for VCS providers, and is working with them and the Chamber of Commerce to develop an approach to the sourcing process which works effectively for them. Evaluation of this work indicates a view that the approach to procurement had improved but commissioners particularly from the third sector still required further development and support.

Service redesign

The Council is redesigning services to deliver efficiencies and improve the customer experience. The Council has seconded social workers into its customer service department (CSD) to provide a better first line of response. Services have been outsourced where better Value for Money can be delivered, resulting in over 70 per cent of the care purchasing budget now commissioned externally. Procurement is delivering cost savings and improved service quality. Examples of procurement savings include better deals on mobile phones, introduction of multiple-function devices and improved deals on utilities.

Understanding the supply market

The Council is improving its understanding of the supply market through collaborative approaches to procurement which is achieving cost savings. Data systems underpinning procurement have been improved, and collaborative contracts for commodities include mobile telephony, energy, paper, educational supplies, temporary labour and motor vehicles. The Council is also working on a regional basis on the procurement of social care, including standardisation of specifications and contract terms and the use of regional contracts for aspects of children's care.

Evaluation of procurement options

Effective partnership working is providing some opportunities to change the way in which services are commissioned. The Council and its partners have established a new, high level road safety board with a range of partner organisations with the aim of creating a coordinated approach to road safety across the County. Different options for procurement have also been used to deliver services to diverse and vulnerable groups.

Key findings and conclusions	
Securing value for money and meeting wider objectives	
Procurement decisions are making a positive contribution to improved environmental sustainability. Evaporative hand dryers in Endeavour House are being replaced with more energy-efficient air blade dryers and paper hand towels are being removed, thereby reducing waste. The Council has reviewed a number of categories of spend and is implementing the DEFRA Sustainability Quick Wins and the EU Green Public Procurement standards. The Council has a strong track record of local sourcing; for example in the area of food procurement, with some 55 per cent of spend being with organisations based in Suffolk or the neighbouring counties.	
KLOE 2.2 (data quality and use of information) score	2
Key findings and conclusions	
Relevant and reliable data	
The Council is committed to improving data quality but as yet it has not fully implemented those required improvements identified during the 2008 review of data quality governance and leadership, such as fully embedding the Council's data quality policy and consistency of ownership and responsibility across all directorates. Key areas of concern for data quality are within Adult and Community Services and Children and Young People Directorates. Client databases in Directorates carry significant risk and work is continuing to cleanse data in both of these areas. Data collection is incomplete in some areas, in part due to high staff turnover, and roles and responsibilities are not clearly specified. However the Council and its partners have effectively addressed data quality issues in waste management, and data sharing with partnerships generally is improving. The Suffolk Strategic Partnership considered the importance of data sharing during 2008 resulting in the creation of the Suffolk Intelligence Network which held its first meeting in January 2009. A new data quality strategy has been implemented from June 2009.	
Supporting decision making	
The Council is taking positive action to improve data to inform decision making. Staff across directorates and within partnerships are becoming more aware of their responsibility for improving the quality of data in order to assist better decision making.	
Security and compliance	
Data security measures are improving but have not been fully implemented across the Council. There is a project underway improving information security, which includes encrypting the hard disks of all laptops where sensitive data is used and encrypting all memory sticks used to transfer data. Policies on data security are in place but monitoring and impact across the Council is inconsistent. There is a regular internal audit programme of work which specifically addresses data and IT security but no information on outcomes. There are good arrangements for sharing data with partners. Data exchanged with partners is encrypted and password protected.	

Appendix 1 – Use of resources key findings and conclusions

Key findings and conclusions
Monitoring performance against priorities During 2008/09, the Council had an inconsistent approach to performance management, although towards the end of the year it had started to address this. A corporate planning and performance management framework has been established which will be implemented across the Council in 2009/10 which has clear links to the Suffolk Story. Planning and performance officers have been restructured into a central unit enabling them to challenge service performance more effectively. The frequency and rigour of performance reporting has been improved with the introduction of monthly reporting, although there remains a lack of consistency across directorates. Performance clinics have been introduced to review underperformance with increased rigour, although these are at an early stage and therefore the impact in 2008/09 limited. Performance systems are not utilised consistently to ensure that partnerships are delivering improvements for local people. Despite improvements there is inconsistent use of clear outcome focused targets to underpin priorities. Some key plans lack outcome related targets, with some measures being too focused on process; however action is being taken to consolidate benchmarking information to improve consistency. The Council is addressing areas of underperformance but impact and outcomes are mixed. Investment in under performing services includes an additional £350k in youth services but impact and progress on youth service outcomes are variable. Adult and Community Services received additional funding of £2m to support increases in demand for services, with this decision being based on performance information. As a result of the above, the Council has not addressed some long term areas of underperformance effectively. Areas to improve include children's attainment in schools, helping people out of hospital and back into the community and how quickly services are provided for those with learning disabilities.

KLOE 2.3 (good governance) score	2
Key findings and conclusions	

Principles of Good Governance

Suffolk County Council has adopted, promotes and demonstrates the principles and values of good governance, and uses the Annual Governance Statement as a vehicle to communicate these. The Annual Governance Statement is produced each year and presented to the Audit Committee, together with a review during the year, undertaken by Internal Audit the output of which is used to update the Audit Committee on progress against any actions arising from the Statement. The Council has made improvements to governance arrangements during 2008/09, with corporate guidelines for partnership working being further developed and approved and work undertaken to ensure performance management is embedded in day to day service delivery. In addition, monitoring and review of performance management has clearly improved throughout the organisation although further work is required.

Maintains Focus on Purpose

The priorities of the Council clearly reflect community priorities and those of local people. The vision and priorities of the Community Strategy informed the identification of priorities for the Council, which are set out in the Suffolk Story. Service planning guidance focuses effectively on the delivery of corporate priorities. The Leadership Team is delivering a stronger senior manager/member challenge to key issues for the Council. The Council has recently introduced the Leadership Team as a forum for discussing strategy and performance relating to priorities. The importance and potential impact of Local Government Review (LGR) has been identified in the Suffolk Story, with one of the Council's priorities 'to get the best out of LGR for the people of Suffolk.' There is clear evidence that Members and officers have worked closely to date in this area. Leadership Team, CMB and the LGR Project Team have met regularly to project manage the process, but also to keep a focus on the wider Suffolk 'climate' and the direction of LGR. An example of this being the 'Economic Summit' which brought together organisations from across the county to look at developing projects and initiatives to tackle the issues arising from the downturn in the economic climate nationally and in Suffolk.

Ethical Framework

The Members' Code of Conduct, Code of Conduct for Employees and the Member and Officer Protocol are all incorporated within the Council's Constitution. All members sign the Code of Conduct upon their election and this process is monitored by the Monitoring Officer and the Standards Board. A Standards Committee has been established, with its roles and functions include promoting and maintaining high standards of conduct and assisting Councillors to observe the Members Code of Conduct included within its Terms of Reference. There is clear evidence that information is submitted quarterly as required to the Standards Board, and the quality of the evidence submitted robust.

Governance in Partnerships

Principles of good governance are applied to partnerships such as the Local Safeguarding Boards for Adults and Children and Safer Suffolk. However, as noted above corporate guidelines for partnership working have been developed and approved during 2008/09, and as a result governance arrangements over partnerships are not fully embedded throughout all significant partnerships entered into by the organisation. However, the corporate guidelines for partnership working are being implemented to improve governance of partnerships. The guidelines are now being utilised to enable a comprehensive list of partnerships to be compiled and held centrally. This will then allow appropriate levels of governance to be applied. However these arrangements clearly require further embedding to ensure that partnerships are effective, appropriately managed and deliver value for money.

Appendix 1 – Use of resources key findings and conclusions

KLOE 2.4 (risk management and internal control) score	2
Key findings and conclusions	

Risk Management

The Council routinely risk assesses all of its key decisions and savings proposals, although it is undertaking the required actions to further embed risk management across the organisation. At Directorate level bespoke risk workshops are taking place; designed in consultation with principal risk owners to ensure there is a sound, common understanding of risk. The workshops include a thorough review of existing risks, identification of new risks and the recording of these. Systems are in place to monitor and manage risks associated with partnership working; however planned work includes the need to ensure that all risks are recorded in a single risk register. At present, only those partnerships identified as high risk are entered on to the JCAD risk management system. Risk assessments are carried out by the Suffolk County Council lead officer and managed internally. However these arrangements are recent, yet to be fully embedded and the impact not fully evaluated.

The Council is taking a proactive approach to the effective management of business continuity but progress is variable. Plans exist for the management, recovery and protection of critical services and activities in key County Council buildings in the event of a major disruption to the functionality of those buildings, and business continuity plans exist for specific incidents including an influenza pandemic, loss of fuel and loss of IT services. During 2008/0 three tests of plans relating to key buildings have taken place, and the Council has tested the resilience of some service suppliers eg adult care providers.

Fraud and Corruption Arrangements

The Head of Strategic Finance is responsible for the development and maintenance of an anti-fraud and anti-corruption policy, with Directors responsible for ensuring that this policy is implemented within their Directorates. Key controls are in place to ensure implementation of the policy, which include a Code of Conduct for Councillors, a register of interests for both staff and councillors a register of gifts and hospitality and a whistle blowing policy. Audit Services have been pro-active in raising awareness of the Council's Anti-Fraud and Corruption Strategy through messages to staff and councillors. These messages have included links to the Code of Conduct, Whistle-blowing Procedures and the Anti-Money Laundering Policy and have given clear guidance to staff as to their responsibilities for reporting suspected fraud or corruption. The Council is proactive in its participation in the biennial National Fraud Initiative and there is clear evidence that this exercise is being used to review and evaluate the robustness of internal controls and where necessary strengthen them. The improvements to controls arising from the NFI process are still being implemented.

Internal Control and Internal Audit

The Council reviews the effectiveness of its governance framework, including the systems of internal control, and produces an Annual Governance Statement. The Annual Governance Statement for 2008/9 was agreed by CMB on 6 April and was subsequently presented to and approved by the Audit Committee. The Audit Committee operate a forward work programme that enables them to request reports from across the Council. A review of these reports indicates that they focus on governance arrangements and internal controls and can be brought to the Committee's attention by internal audit, external audit or other inspections. The Head of Audit Services includes an annual opinion the internal control environment within his annual report; this is incorporated in to the Annual Governance Statement and as required, makes specific reference to the internal controls within the main financial systems. The Audit Commission's annual assessment of the internal audit function at Suffolk County has consistently concluded full compliance with the CIPFA code.

Table 6   Theme 3 - managing resources

Theme score	3
Key findings and conclusions	
The Council is assessed as performing well in the management of its resources. Environmental sustainability is being prioritised effectively. One of the corporate priorities specified in the Suffolk Story is to make Suffolk the Greenest County, and extensive consultation demonstrates the support of local people to deliver this aspirational green agenda. Councillors and senior managers are providing strong leadership in this area. The Council is taking positive and effective action to monitor and reduce it energy consumption and use of natural resources and is on track to achieve energy savings targets of 250,000KWh across its property portfolio. Effective working with partner organisations is achieving challenging environmental targets, and through the Community Strategy and Local Area Agreements partner organisations share sustainability targets. New buildings are being designed to achieve a BREEAM rating of very good or excellent. Key examples here are the joint project with St Edmundsbury Borough Council to deliver a public service village with shared working space and green travel arrangements, and a new sixth form centre which includes inter seasonal heat transfer and building materials which are low maintenance and self finishing. The Council's key strategic objective regarding its asset base is to give support to the community by providing the right premises in the right location at the right time and with the right information and communication technology in a way that best meets the needs of our customers. The Council is investing in improvements to property and asset management but this is at an early stage and impact is limited. The Strategic Asset Management Plan is currently under development. The Corporate Property Strategy was submitted to Cabinet in March 2009 integrating three key strategies for the future of the Council's property assets. The Council is continuing to invest to improve data relating to assets and property but this work has still to be completed. The Council has committed itself to use the Council's property assets to spearhead a sustainable low carbon community for Suffolk, including the aim of developing a zero carbon school by 2013. The Council has worked with partners to enhance the flexibility and cost effectiveness of new developments, for example with St Edmundsbury Borough Council on the West Suffolk House Public Service Village. The benefits of the Public Service Village are estimated to produce a cumulative total of saving of £11.5 million over 25 years. Although some assets are being used to meet community needs, there is not a consistent strategic approach.	

Appendix 1 – Use of resources key findings and conclusions

KLOE 3.1 (use of natural resources)	3
Key findings and conclusions	

Understands and Quantifies Natural Resources

The Council is taking positive and effective action to monitor and reduce it energy consumption and use of natural resources. A successful pilot of automated meter reading (AMR) in 40 buildings resulted in savings of approximately 10 per cent in gas usage. As a result, the Council is introducing AMR's for monitoring gas and electricity usage in all of its buildings including schools by autumn 2009. The Council monitors and controls its water consumption through a number of initiatives including the rectification of leaks and the fitting of water flow restrictors. Positive and effective action has been taken to reduce business miles. The Council is on track to achieve energy savings targets of 250,000KWh across its property portfolio. Specific energy reduction projects are being funded through the SALIX energy loan fund for example; a new library lighting system has been implemented, as has software which will automatically switch off computers not in use. Together, these two projects will generate savings of 385,000 kWh per annum, an equivalent carbon saving of 199 tonnes.

Manages Performance

Environmental sustainability is being prioritised effectively. One of the corporate priorities specified in the Suffolk Story is to make Suffolk the Greenest County. Extensive consultation demonstrates the support of local people to deliver this aspirational green agenda. Councillors and senior managers are providing strong leadership in this area, through their roles as Directorate and portfolio leads. Directorates produce annual environmental impact assessments which are used to reduce their impact on the environment. Performance indicators, both national and local, are being used to monitor how the Council is delivering its environmental priorities. The Council is contributing to cutting edge developments in power generation for the future. The Council is one of the main funding partners for the development of the Orbis Energy building; designed to attract renewable energy businesses on the Power Park in Lowestoft. With £1.8 million of European Union funding, it is leading ANSWER (A North Sea Way to Energy-Efficient Regions) to support reductions in energy consumption and carbon emissions.

Manages Environmental Risks with Partners

The Council is working effectively with partner organisations to achieve its challenging environmental targets. Through the Community Strategy and Local Area Agreements partner organisations share sustainability targets; an example being the annual 4 per cent reduction in per capita carbon emissions for Suffolk for 2008-2011. The Council has Environmental Management System accreditation ISO 14001, and it is part of the Carbon Trust's Local Authority Carbon Management Programme. It has installed 17 wood chip burners in schools each of which is estimated to reduce carbon emissions by 120 tonnes per year. The environmental benefits of this have been further enhanced by sourcing the wood chips locally. New buildings are being designed to achieve a BREEAM rating of very good or excellent, and a key example here is the joint project with St Edmundsbury Borough Council to deliver a public service village with shared working space and green travel arrangements. A new sixth form centre includes inter seasonal heat transfer and building materials which are low maintenance and self finishing. The Council is working effectively with partners to conserve the natural environment. It uses EnCheck (environmental constraints checking system), a map based system to check scheme impacts on wildlife sites and priority species, and has utilised this system in the area of under grounding overhead power lines. Suffolk has received £1 million for the first Landscape Partnership Project in the East of England, and a Green Suffolk Fund is being used for the energy efficient refurbishment of village halls. It has a well established green travel plan, with 259 schools throughout Suffolk adopting school travel plans delivering widened shared-use paths, safe crossing facilities and cycle parking. In addition, 153 schools are registered with the eco schools programme.

KLOE 3.2 (strategic asset management)	2
Key findings and conclusions	

Strategic Approach to Asset Management

The Council is investing in improvements to property and asset management but this is at an early stage and impact is limited. The Strategic Asset Management Plan is currently under development. The Corporate Property Strategy was submitted to Cabinet in March 2009 integrating three key strategies for the future of the Council's property assets. Recent implementation of the Corporate Property change programme has resulted in a newly formed Corporate Property Service to provide a lead on the capital building programme. Historically, the corporate focus on asset management has been inconsistent, and therefore a key objective of the Corporate Property Strategy 2009 is to ensure that the management, construction and use of the organisations property assets are aligned with those of the Community Strategy and the Suffolk Story. The current three year business plan for property services (2008/11) does make reference to the delivery of corporate objectives.

Management of Asset Base

The Council is investing to improve data relating to assets and property but this work has still to be completed. The Property Data team is improving the management of property records information in a more consistent format. New software to support this has been identified but at the time of this assessment purchase had been delayed. External funding is being used to extend good practice on inventory and data collection within the transport service, and in October 2008 a new Asset Manager post in Education and Training was created with responsibility for developing effective asset management plans and strategies, monitoring their effectiveness and making improvements.

The Council has restructured it property services to improve efficiency and effectiveness but this is not yet finalised.

A review of property management in 2008 resulted in a significant restructuring. Historic capacity issues have been addressed through a different management team and reallocation of funding to cover work programmes. The new management team was established in December 2008 but recruitment to other posts was still in progress in July 2009. The Council has used performance measures to monitor asset management but is extending these for 2009/10, with performance indicators covering cost and sustainability. Further additional performance indicators are proposed for 2009/10 to extend links with corporate priorities, for example the percentage of new buildings achieving the BREEAM standard. The Council is generating income from the use of its assets but the economic downturn has contributed to the non achievement of some targets. Sales of surplus council sites with residential planning consent have been deferred, and surplus properties are being prepared for the rental market.

Appendix 1 – Use of resources key findings and conclusions

Key findings and conclusions	
Partnership Working to Utilise Assets The Council has committed itself to use the Council's property assets to spearhead a sustainable low carbon community for Suffolk, including the aim of developing a zero carbon school by 2013. The Council has worked with partners to enhance the flexibility and cost effectiveness of new developments, for example with St Edmundsbury Borough Council on the West Suffolk House Public Service Village. The benefits of the Public Service Village are estimated to produce a cumulative total of saving of £11.5 million over 25 years. Some assets are being used to meet community needs but there is not a consistent strategic approach. The Council's strategic objective is to give support to the community by providing the right premises in the right location at the right time and with the right information and communication technology in a way that best meets the needs of our customers. Children's centres and libraries are delivering a focus for local communities as is the delivery of the extended schools programmes but this approach is yet to be explored for other assets owned by the Council.	
KLOE 3.3 (workforce planning) not assessed at single tier and county councils in 2008/09	-

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

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As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.