

Audit Committee

Agenda and Reports

For consideration on

Thursday, 14th January 2010

In Committee Room 1, Town Hall, Chorley

At 2.30 pm



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07 January 2010

Dear Councillor

AUDIT COMMITTEE - THURSDAY, 14TH JANUARY 2010

You are invited to attend a meeting of the Audit Committee to be held in Committee Room 1, Town Hall, Chorley on Thursday, 14th January 2010 commencing at 2.30 pm.

AGENDA

1. **Apologies for absence**

2. **Declarations of Any Interests**

Members are reminded of their responsibility to declare any personal interest in respect of matters contained in this agenda. If the interest arises **only** as result of your membership of another public body or one to which you have been appointed by the Council then you only need to declare it if you intend to speak.

If the personal interest is a prejudicial interest, you must withdraw from the meeting. Normally you should leave the room before the business starts to be discussed. You do, however, have the same right to speak as a member of the public and may remain in the room to enable you to exercise that right and then leave immediately. In either case you must not seek to improperly influence a decision on the matter.

3. **Minutes of last meeting (Pages 1 - 4)**

To confirm as a correct record the minutes of the meeting held on 24 September 2009 (minutes enclosed).

4. **Annual Audit Letter 2008/09 (Pages 5 - 18)**

To received and consider the Annual Audit Letter from the Audit Commission for 2008/09 (enclosed).

5. **Use of Resources 2008/09 (Pages 19 - 44)**

To receive and consider the Use of Resources 2008/09 report from the Audit Commission (enclosed).

6. **Organisational Assessment 2009 (Pages 45 - 52)**

To receive and consider the Organisational Assessment report from the Audit Commission for 2009 (enclosed).

7. **Strategic Risk Update Report (Pages 53 - 64)**

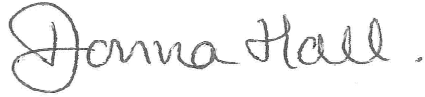
To receive and consider the enclosed report of the Head of Shared Assurance Services.

8. **Internal Audit - Interim report on 2009/10 activities** (Pages 65 - 78)

To receive and consider the enclosed report of the Head of Shared Assurance Services.

9. **Any other item(s) that the Chair decides is/are urgent**

Yours sincerely



Donna Hall
Chief Executive

Tony Uren
Democratic and Member Services Officer
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Distribution

1. Agenda and reports to all Members of the Audit Committee (Councillor Anthony Gee (Chair), Councillor Laura Lennox (Vice-Chair) and Councillors Marie Gray, Debra Platt, Keith Iddon and Geoffrey Russell) for attendance.
2. Agenda and reports to Donna Hall (Chief Executive), Gary Hall (Assistant Chief Executive (Business Transformation)), Andrew Docherty (Corporate Director of Governance), Garry Barclay (Head of Shared Assurance Services), Andy Armstrong (Shared Financial Services Risk Manager), Tony Uren (Democratic and Member Services Officer) and Clare Ware (Shared Financial Services Internal Audit Manager) for attendance.
3. Agenda and reports to Fiona Blatcher (Engagement Lead, Audit Commission) and Tony Hough (Audit Manager, Audit Commission) for attendance.

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ان معلومات کا ترجمہ آپ کی اپنی زبان میں بھی کیا جاسکتا ہے۔ یہ خدمت استعمال کرنے کیلئے براہ مہربانی اس نمبر پر ٹیلیفون

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کیجئے:

Audit Committee**Thursday, 24 September 2009**

Present: Councillor Anthony Gee (Chair), Councillor Laura Lennox (Vice-Chair) and Councillors Marie Gray, Debra Platt and Geoffrey Russell

Officers Present: Gary Hall (Assistant Chief Executive (Business Transformation)), Andrew Docherty (Corporate Director of Governance), Garry Barclay (Head of Shared Assurance Services) and Tony Uren (Democratic and Member Services Officer)

Also in attendance: Fiona Blatcher (Engagement Lead, Audit Commission)

09.AU.25 APOLOGIES FOR ABSENCE

An apology for absence was submitted on behalf of Councillor Keith Iddon.

09.AU.26 DECLARATIONS OF ANY INTERESTS

There were no declarations of interest in any of the items on the meeting's agenda by any of the Committee Members.

09.AU.27 MINUTES OF LAST MEETING

RESOLVED – That the minutes of the meeting of the Audit Committee held on 24 June 2009 be confirmed as a correct record for signature by the Chair.

09.AU.28 STATEMENT OF ACCOUNTS FOR 2008/09

The Assistant Chief Executive (Business Transformation) presented a report seeking approval of the audited Statement of Accounts for 2008/09.

The Statement of Accounts had been endorsed by the Committee at its last meeting on 24 June 2009 for submission to the external auditors, the Audit Commission.

Other than a few minor presentational issues, the Auditors had recommended adjustments in respect of the following two matters, neither of which was considered to be "material" for reporting purposes:

- The combination of certain factors had led the Icelandic Landsbanki administrators to predict that the likely payment to creditors would fall from 95% to 83%. This resulted in an increase of £195,000 in Chorley's impairment charge, which would be offset by an increase of £100,000 in the interest brought into the account.
- Creditors valued at £665,000 incorrectly analysed as "sundry" related to amounts due to other authorities.

The Audit Commission had indicated their intention to issue an unqualified audit opinion on the Statement of Accounts.

The Chair referred to the Statement's comments on the current state of the Lancashire Pension Fund, drawing attention to the prediction from the outcome from the fund valuation that there was likely to be an underlying deficit in the fund, necessitating incremental rises in employers' contributions.

RESOLVED – (1) That the report be noted and that, after taking account of the Audit Commission’s Annual Governance Statement, the audited and amended Financial Statement of Accounts for 2008/09, as now presented, be approved for signature by the Chair of the Audit Committee, the Executive Leader and the Assistant Chief Executive (Business Transformation).

(2) That the Audit Committee’s concern at the possibility of investment returns being insufficient to meet the future demands on the Pension Fund be conveyed to the Executive Cabinet and that the Executive Cabinet be requested to consider, as part of the impending triennial review, any action deemed necessary to address and mitigate the impact of a possible shortfall in the Fund.

09.AU.29 ANNUAL INSPECTION FEES 2009/10

The Committee received a letter from the Audit Commission informing the Council that the Commission’s total indicative fee for inspection work planned for 2009/10 had been calculated as £8,320. The fee had been based on a risk-based approach to inspection planning defined in the Comprehensive Area Assessment framework which would target primarily high risk services. The Audit Commission’s expected fees for basic audit work had been reported to the last meeting of the Committee.

Fiona Blatcher stated that the Audit Commission’s audit fees could be reviewed in order to take account of the impact of the Shared Services venture. While it would still be necessary to audit separate accounts from both Chorley and South Ribble Councils, the fact that the auditors would be dealing with the same Officers in some instances might justify economies.

RESOLVED – That the letter be noted.

09.AU.30 ANNUAL GOVERNANCE REPORT

The Audit Commission submitted its Annual Governance Report which summarised the findings of the Commission’s 2008/09 audit which was substantially complete.

The report referred to the specific risks and key areas of judgement that had been taken into account, together with the principal issues identified during the audit. These issues included the receipt of late guidance on the likely recoverable amounts in respect of the Council’s investments in Icelandic banks; a classification error within the creditors disclosure note; and the omission of a note analysing general Government grants. The auditors were, however, satisfied that none of the identified issues had impacted on the Council’s reported outturn position.

The Audit Commission’s assessment of Chorley’s Use of Resources aimed to judge how well the Council managed and used its resources to deliver value for money and better and sustainable outcomes for local people. The past year had been the first year in which the Commission’s new methodology in evaluating Use of Resources had been adopted. The Council had been assessed as performing well, having been awarded a score of 3 for Managing Finances and Governing the business and a maximum score of 4 for Managing Resources.

The report confirmed that the Audit Commission, following its assessment of the corporate arrangements for securing economy, efficiency and effectiveness in the Council’s use of resources, had concluded that the arrangements were adequate.

In conclusion, the Audit Commission’s report stated that, as its 2008/09 audit of Chorley was substantially complete, it expected to issue an unqualified conclusion to the Council’s value for money arrangements and an unqualified opinion on the audit by 30 September 2009.

RESOLVED - (1) That the Audit Commission's Governance Report for 2008/09 be welcomed.

(2) That the letter of management representation, as set out in the Auditor's Governance Report, confirming the validity of information supplied to the Auditors, be approved for signature by the Chair and the Assistant Chief Executive (Business Transformation).

09.AU.31 INTERNAL AUDIT - INTERIM REPORT ON 2009/10 ACTIVITIES

The Head of Shared Assurance Services presented the first interim report on the progress of the work undertaken in respect of the Annual Internal Audit Plan between 1 April and 28 August 2009.

Appendices to the report provided both a general summary of the overall progress made in relation to the 2009/10 Internal Audit Plan, together with a more detailed analysis of the projects undertaken to date. The number of audits that had been completed; were currently in progress; or had yet to commence, were highlighted in the report. An adequate control rating had been awarded to the two completed audit projects on the Markets and the Internet and E-mail policy. The report confirmed that the Internal Audit Section was on course to complete its Audit Plan by the end of the financial year.

A separate appendix provided information on the performance of the Internal Audit Section up to the end of August 2008, as judged against indicators based on work undertaken by the UK public sector audit agencies in 2007, following service user and staff consultation. Similarly, the report confirmed that the majority of measures were either on or around target.

The report also drew attention to a number of other developments which impacted on the Internal Audit Section, including an opportunity to improve the customer liaison process before, during and after audit assignments.

RESOLVED – That the report be noted.

Chair

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Annual Audit Letter

Chorley Borough Council

Audit 2008/09

December 2009



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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/ members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
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Key messages

This report summarises the findings from our 2008/09 audit. It includes messages arising from the audit of your financial statements and the results of the work we have undertaken to assess your arrangements to secure value for money in your use of resources.

Audit opinion and financial statements

- 1 I issued an unqualified opinion on the Council's financial statements on 30 September 2009. The statements have again improved in quality.
 - 2 This is the first year that the closedown arrangements have been the responsibility of the Council's shared services arrangement with South Ribble Borough Council. We worked closely with officers in conducting our audit and the new arrangements for producing your accounts worked well.
 - 3 The Council's accounts submitted for audit were complete and contained no errors that affected the overall financial position. The changes made were to disclosure notes and to reflect late guidance on the likely recoverable amounts in respect of Chorley's investment in Icelandic banks.
-

Value for money

- 4 I have assessed your corporate arrangements for securing economy, efficiency and effectiveness in the use of resources against the criteria specified by the Audit Commission. I issued an unqualified conclusion on the Council's value for money arrangements.
- 5 Our work on the new use of resource assessment places a much stronger focus on the outcomes achieved by the Council's actions. It represents a harder test than the previous basis of assessment which was more focussed on the arrangements in place to deliver positive outcomes.

- 6 The Council received an overall score of 4 for its use of resources which means the Council is performing excellently overall. The Council was deemed to be particularly strong, demonstrating innovative practices which are delivering positive outcomes for the local community in a number of areas. These include:
- the Council's use of activity based costing across the whole organisation, which is helping to deliver significant savings and improved services;
 - its approach to using a wide range of quality tested data to identify areas for investment which, together with a clarity of vision and focus, strong partnership working and effective member engagement are resulting in improved services in areas of need at a neighbourhood level; and
 - and its overall approach to workforce planning and management, which has resulted in a highly motivated, skilled and effective workforce which meets current and future needs.
- 7 The Council has investments in Landsbanki Island pf, (an Icelandic bank), totalling £2m and during the year I satisfied myself that the Council had acted reasonably in making those investments at the time. Latest guidance received in September 2009 indicates that 83 per cent of this investment may be recoverable although this is still subject to confirmation. The Council's Treasury Management arrangements have also been reviewed in light of the economic downturn to reduce the risk of potential future investment losses.

Comprehensive Area Assessment and Organisational Assessment

- 8 The Audit Commission and the other public service inspectorates introduced a new assessment framework during 2009, the Comprehensive Area Assessment (CAA). CAA is a new way of assessing local public services in England. It examines how well councils are working with other public bodies to meet the needs of the people they serve. It is a joint assessment made by a group of six independent watchdogs. Assessments will be made publicly available every year and will provide an annual snapshot of quality of life in the area. The first results will appear on a new [Oneplace](#) website which will be launched on Wednesday 9 December 2009. Our work in this area is being led by the local Comprehensive Area Assessment Lead (CAAL). The CAAL has shared draft findings with officers and he is due to formally report in December 2009. Alongside the CAA report, we will issue our organisational assessment which combines our judgements on your use of resources and managing performance assessments. Any issues arising will be discussed with you and planned into future years' audit and assessment activity.

Independence

- 9 I can confirm that the audit has been carried out in accordance with the Audit Commission's policies on integrity, objectivity and independence.

Financial statements and annual governance statement

The Council's financial statements and annual governance statement are an important means by which the Council accounts for its stewardship of public funds.

Significant issues arising from the audit

- 10** I issued an unqualified opinion on the Council's accounts on 30 September. In my opinion the accounts present fairly Chorley's financial position and its income and expenditure for the year.
- 11** Before giving my opinion, on the 24 September 2009 I reported to the Audit Committee the key issues arising from the 2008/09 final accounts audit.
- 12** The Council prepared working papers to a good standard to support its financial statements and the transition to the shared services arrangement with South Ribble Borough Council worked well. The annual governance statement reflected our understanding of the Council's arrangements to ensure effective stewardship of public monies and the outcome of its review of their effectiveness.
- 13** A change was made to the accounts following receipt of late guidance from the Chartered Institute of Public Finance and Accountancy, (CIPFA), on the likely recoverable amounts in respect of the Council's investments in Icelandic banks. Issues identified during the course of the audit included a classification error within the creditors disclosure note and the need to add a disclosure note analysing government grants as required by the accounting standards. None of the changes made had any impact on the Council's reported outturn position.

Material weaknesses in internal control

- 14** I did not identify any significant weaknesses in your internal control arrangements.
- 15** During 2008/09 we undertook a detailed review of Chorley's Internal Audit function which we are required to undertake at least every three years. I concluded that Internal Audit meets the requirements of the CIPFA Code of Practice for Internal Audit and provides an effective service to management at the Council.

International Financial Reporting Standards (IFRS)

- 16** In March 2008 the Treasury announced that the annual financial statements of government departments and other public sector bodies would be prepared using International Financial Reporting Standards (IFRS) from 2009/10 onwards. For local government bodies the first full year of application is the 2010/11 financial statements but the starting period for this (the transition date) is 1 April 2009. Local government bodies will be required to produce their 2009/10 Whole of Government Accounts return on an IFRS basis.
- 17** As part of my audit I have considered the Council's progress in preparing for the implementation of the IFRS. The Council has made a good start in its preparations for IFRS. Officers have identified the key risk areas for Chorley, undertaken an initial analysis to assess the work required and are in the process of pulling together all the information which will be needed in order to implement the IFRS requirements. Whilst there is still much work to complete, the Council is on track to achieve successful implementation by the stated deadlines.

Value for money and use of resources

I considered how well the Chorley is managing and using its resources to deliver value for money and better and sustainable outcomes for local people, and gave a scored use of resources judgement.

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

Use of resources judgements

- 18** In forming my scored use of resources judgements, I have used the methodology set out in the [use of resources framework](#). Judgements have been made for each key line of enquiry (KLOE) using the Audit Commission's current four point scale from 1 to 4, with 4 being the highest. Level 1 represents a failure to meet the minimum requirements at level 2.
- 19** I have also taken into account, where appropriate, findings from previous use of resources assessments (updating these for any changes or improvements) and any other relevant audit work.
- 20** The Council received an overall score of 4 for its use of resources which means the Council is performing excellently overall. The Council was deemed to be particularly strong, demonstrating innovative practices which are delivering positive outcomes for the local community in a number of areas. The Council's use of resources theme scores are shown in Table 1 below.

Table 1 Use of resources theme scores

Use of resources theme	Scored judgement
Managing finances	3
Strategic financial planning	3
Understanding of costs and performance	4
Financial reporting	3
Governing the business	4
Commissioning and procurement	3
Data quality and use of data	4
Governance	4
Risk management and internal control	3
Managing resources	4
Workforce	4

Managing finances

- 21** Financial planning is fully integrated with corporate priority setting, so that the priorities are invested in effectively. Engagement with local communities is strong, ensuring that priorities are based on a good understanding of the diverse needs of the community. Arrangements for financial planning in the medium term are effective and have enabled the Council to move resources to focus on neighbourhoods and into priority areas such as community safety, homelessness and affordable housing. Improved outcomes for the community are evident following such prioritisation, including a 28 per cent reduction in crime rates since 2005, reductions in the use of temporary accommodation and an increased customer satisfaction to 94 per cent. Financial plans have been updated to reflect issues arising from the current economic climate, including the impact of increased costs to the Council, together with increased support for local businesses.
- 22** Action taken by the Council has reduced the effects of the recession. Ninety seven new businesses have been established and 273 jobs created since 2008. Virtually all new businesses in Chorley are surviving for at least a year. Fewer shops are empty in the town centre and more people are now visiting the town. Unemployment is reducing and is below the Lancashire average. Average earnings are increasing and more 16 to 18 year olds have found education, employment or training positions in the past year.
- 23** The Council has investments in Landsbanki Island pf totalling £2m and during the year I satisfied myself that the Council had acted in accordance with its agreed policies in making those investments, and that those policies were in accordance with the relevant professional accountancy body's (CIPFA) guidance at the time. I am satisfied that the Council is taking appropriate action in terms of recovery, reassessing its financial position and reviewing its policies. The latest guidance received in September 2009 indicates that 83 per cent may be recoverable although this is still subject to change. The Council's Treasury Management arrangements have also been reviewed in light of the economic downturn to reduce the risk from potential future investment losses.
- 24** Chorley has a sound understanding of its costs and performance and performs well in achieving efficiencies in its activities, exceeding government set efficiency targets. It is recognised nationally for its innovative use of activity-based costing exercises which allow it to make meaningful comparisons with other councils. This has enabled the Council to identify and eliminate activities that do not add value to service delivery, Outcomes include better use of technology in waste management services improving response times whilst reducing costs, reduced benefits claim processing costs, significantly reduced central costs and releasing 17.5 administrative support staff into front line services. Value for money (VFM) reviews fully examine the rationale, efficiency, effectiveness, economy and impact of each service. Overall costs are low compared with other district councils with expenditure per head being well below the median and comparisons at a service level demonstrate excellent value for money for the outcomes being achieved.

Value for money and use of resources

Governing the business

- 25** The Council commissions and procures services effectively to deliver priorities and objectives in the most effective and efficient manner. This includes effective partnership working wherever possible to achieve maximum impact and obtain the benefit of wider available resources. The needs of citizens and users are placed at the heart of service design through a business transformation programme to improve access to services, efficiencies and customer experience. The Council has a robust approach to procurement which reflects the national procurement strategy. The management of contracts is strong, resulting in improved outcomes for example in waste management and leisure contracts. Good progress has been made on shared financial and assurance services with a neighbouring council which is delivering financial savings and providing access to wider expertise.
- 26** The Council performs strongly in producing reliable, relevant data and information to support decision making and manage performance, including making best use of partnership data. Excellent use is made of this information to identify and target issues for specific action and investment, resulting in improvements in areas of most need at a borough and neighbourhood level. Improvements have been achieved in areas such as crime rates and anti-social behaviour, teenage pregnancies, and homelessness. Additionally, weeks of action held at neighbourhood level have resulted in more targeted improvements at a local level for example improved cleanliness of the local environment and reduced criminal activity in targeted areas.
- 27** The excellent relationships between officers and members translate into service delivery and improvement for local communities. Member development is strong, enabling members to represent effectively their communities' interests and to provide effective challenge within the Council. A clear culture around standards of conduct for officers and members exists, led by senior officers and members, which is applied across the Council's partnerships and recognised by all staff.
- 28** The Council proactively manages its key risks in achieving its priorities including effective monitoring and management of its partnership agreements. It has identified specific risks to delivery during the year and taken action which has reduced those significantly and in some cases has resulted in much improved services following their re-design, for example the homelessness service.
- 29** Anti-fraud and corruption arrangements are effective, including a pro-active plan following clear identification of fraud and corruption risks across the organisation. A strong anti-fraud stance is taken, resulting in for example, successful prosecutions and sanctions for benefit fraud being well in excess of the North West average. The internal control arrangements remain sound. The Audit Committee provides effective challenge on issues of internal control and ensures that recommendations made by internal audit are followed up and implemented.

Managing resources

- 30** The Council performs strongly in planning, organising and developing its workforce. It has a skilled and productive workforce that is enhanced with a range of partnerships and shared services.
- 31** Robust performance management, complemented by a competency framework and development opportunities, allow staff to realise their full potential and be fully effective. A rigorous system of attendance management to monitor and manage sickness absence has further reduced absences to 7.23 days per employee in 2008/09 with action being taken to ensure this positive trend continues.
- 32** Organisational change is managed effectively with good staff engagement. Following a period of significant change within the Council including redundancies, the Council was ranked second, with particular strengths in leadership and teamwork, in the Times' list of best councils to work for.

VFM conclusion

- 33** I assessed your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. From 2008/09, the Audit Commission specify each year which of the use of resources KLOE are the relevant criteria for the VFM conclusion at each type of audited body.
- 34** I issued an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources.

Closing remarks

Closing remarks

- 35** I have discussed and agreed this letter with the Chief Executive and the Assistant Chief Executive (Business Transformation). I will present this letter at the next meeting of the Audit Committee and will provide copies to all committee members.
- 36** Further detailed findings, conclusions and recommendations in the areas covered by our audit are included in the reports issued to the Council during the year.

Table 2

Report	Date issued
Audit Plan	June 2008
Audit Opinion Plan	June 2009
Annual Governance Report	September 2009
Use of Resources Report	November 2009

- 37** The Council has taken a positive and constructive approach to our audit. I wish to thank the Council's staff for their support and co-operation during the audit.

Fiona Blatcher
Engagement Lead
December 2009

Appendix 1 – Audit fees

- 1 We agreed an audit fee for 2008/09 with the Council in June 2008. We subsequently took our audit opinion plan to the June 2009 Audit Committee where we outlined the need to undertake extra audit work in relation to the Council's investment in Icelandic Banks. As a result, we needed to increase our audit fee slightly by £1,800. This increase was agreed with the Assistant Chief Executive (Business Transformation).

Table 3 Audit fees

	Actual £	Proposed £	Variance £
Total audit fee	110,800	109,000	1,800
Total inspection fee	6,000	6,000	nil
Total fees	116,800	115,000	1,800

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.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

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.

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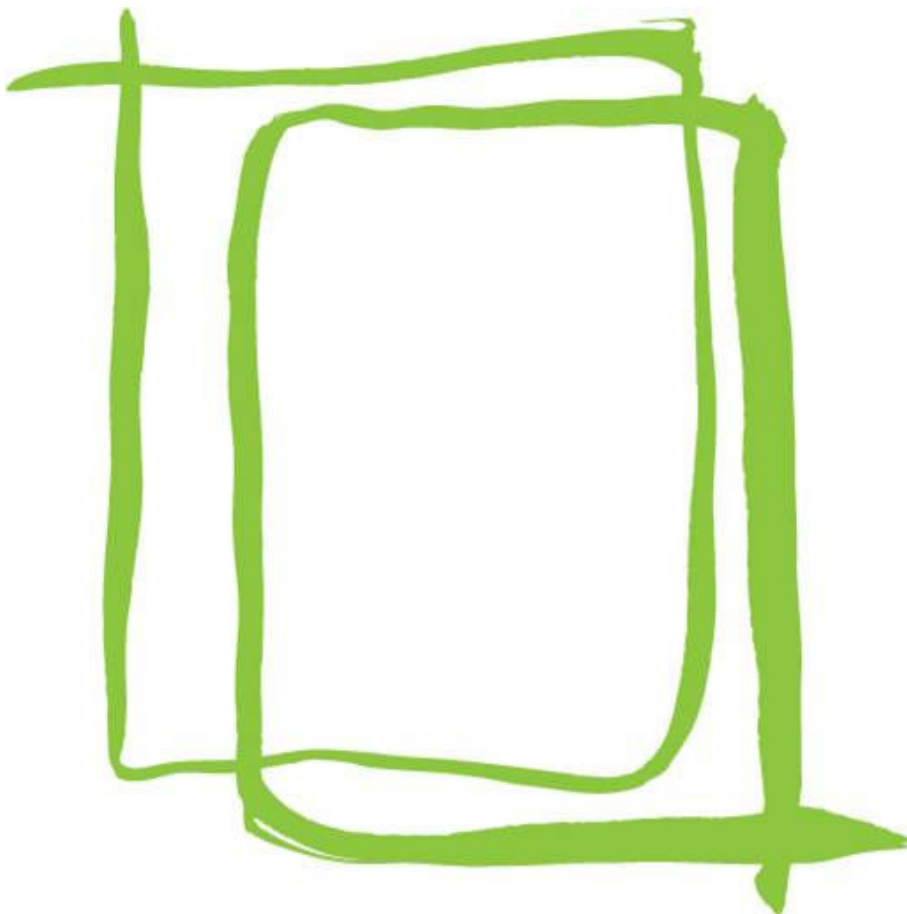
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Use of Resources

Chorley Borough Council

Audit 2008/09

December 2009



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Status of our reports

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-

Summary

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

- 1** Our assessment of how well the Council is managing and using their resources to deliver value for money and better and sustainable outcomes for local people is now complete. The basis of the assessment has changed in 2009 and defines use of resources in a broader way than previously, embracing the use of natural, physical and human resources. It also places new emphasis on commissioning services for local people and achieving value for money.
- 2** The new assessment places a much stronger focus on the outcomes being achieved by Chorley's management and use of its resources representing a harder test than the previous basis of assessment which was more focussed on the arrangements in place to deliver positive outcomes.
- 3** The Council received an overall score of 4 for its use of resources which means the Council is performing excellently overall. The Council was deemed to be particularly strong, demonstrating innovative practices which are delivering positive outcomes for the local community in a number of areas. These include:
 - the Council's use of activity based costing across the whole organisation, which is helping to deliver significant savings and improved services;
 - its approach to using a wide range of quality tested data to identify areas for investment which, together with a clarity of vision and focus, strong partnership working and effective member engagement are resulting in improved services in areas of need at a neighbourhood level; and
 - and its overall approach to workforce planning and management, which has resulted in a highly motivated, skilled and effective workforce which meets current and future needs.
- 4** Our detailed findings are shown in Appendix 1. The following sections of this report provide a summary of the results of the assessment in each area reviewed.

Introduction

- 5 This report sets out my conclusions on how well Chorley Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people and gives 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 planned our work accordingly.

Use of resources framework

- 7 From 2008/09, the new use of resources assessment forms part of the [Comprehensive Area Assessment \(CAA\)](#). It 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.
- 8 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.
- 9 The Commission specifies in its [annual work programme and fees document](#), which KLOE are assessed over the coming year.
- 10 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.

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

11 Chorley'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?	4
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?	4

Managing finances

12 Financial planning is fully integrated with corporate priority setting, so that the priorities are invested in effectively. Engagement with local communities is strong ensuring that priorities are set based on a good understanding of the diverse needs of the community. Arrangements for financial planning in the medium term are effective and have enabled the Council to move resources to focus on neighbourhoods and into priority areas such as community safety, homelessness and affordable housing. Improved outcomes for the community are evident following such prioritisation including 28 per cent reduction in crime rates since 2005, reductions in the use of temporary accommodation and an increased customer satisfaction to 94 per cent. Financial plans have been updated to reflect issues arising from the current economic climate including the impact of increased costs to the Council together with increased support for local businesses. The Council's Treasury Management arrangements have also been reviewed in the light of the economic downturn to reduce the risk of exposure in relation to investments to protect the Council from potential future investment losses.

- 13** Chorley has a sound understanding of its costs and performance and performs well in achieving efficiencies in its activities, exceeding government set efficiency targets. It is recognised nationally for its innovative use of activity-based costing (ABC) exercises which allow it to make meaningful comparisons with other councils. This has enabled the Council to identify and eliminate activities that do not add value to service delivery, Outcomes include better use of technology in waste management services improving response times whilst reducing costs, reduced benefits claim processing costs, significantly reduced central costs and releasing 17.5 administrative support staff into front line services. Value for money (VFM) reviews fully examine the rationale, efficiency, effectiveness, economy and impact of each service. Overall costs are low compared with other district councils with expenditure per head being well below the median and comparisons at a service level demonstrate excellent value for money for the outcomes being achieved.
- 14** The Council manages its financial performance during the year effectively dealing with potential under/overspends whilst maintaining high standards of service delivery. The Council's financial statements were prepared to a good standard with no material errors identified. The Council's web site contains a comprehensive range of financial reports. The Council has consulted on and amended information provided to residents as a result to include information which residents stated they valued. External reporting only includes sparse environmental and social information with limited analysis of the council's environmental footprint.

Governing the business

- 15** The Council has a clear vision of intended outcomes for local people – reflected in the Sustainable Community Strategy and its Corporate Plan. It has a good understanding of the diversity of the area and the inequalities that exist through customer profiling and the Circle of Need project and uses this information well to determine its priorities and objectives.
- 16** Flowing from this clear vision the Council commissions and procures services effectively to deliver those priorities and objectives in the most effective and efficient manner. This includes effective partnership working wherever possible to achieve maximum impact and obtain the benefit of wider available resources. The needs of citizens and users are placed at the heart of service design through a business transformation programme to improve access to services, efficiencies and customer experience. The Council has a robust approach to procurement which reflects the national procurement strategy. The management of contracts is strong resulting in improved outcomes for example in waste management and the leisure contracts. Good progress has been made on shared financial and assurance services with a neighbouring council which is delivering financial savings and provides access to wider expertise.

Use of resources judgements

- 17** The Council performs strongly in producing reliable relevant data and information to support decision making and manage performance, including make best use of partnership data. Excellent use is made of this information to identify and target issues for specific action and investment resulting in improvements in areas of most need at a borough and neighbourhood level. Improvements have been achieved in areas such as crime rates and anti-social behaviour, teenage pregnancies, sickness absence and homelessness. Additionally weeks of action held at neighbourhood level have resulted in more targeted improvements at a local level for example improved cleanliness of the local environment and reduced criminal activity in targeted areas.
- 18** There is a culture of openness and respect within the Council. Officers and Councillors have clearly defined roles and know what they are responsible for. The excellent relationships between officers and members translate into service delivery and improvement for local communities. Member development is strong enabling members to effectively represent their communities' interest and to provide effective challenge within the Council. A clear culture around standards of conduct for officers and members exists is led by senior officers and members, applied across the Council's partnerships and recognised by all staff.
- 19** The Council proactively manages its key risks in achieving its priorities including effective monitoring and management of its partnership agreements. It has identified specific risks to delivery during the year and taken action which has reduced those significantly and in some cases has resulted in much improved services following their re-design, for example the homelessness service.
- 20** Anti-fraud and corruption arrangements are effective including a pro-active plan following clear identification of fraud and corruption risks across the organisation. A strong anti-fraud stance is taken, resulting in for example, successful prosecutions and sanctions for benefit fraud being well in excess of the North West average. The internal control arrangements remain sound. An effective internal audit is in place which meets CIPFA's code of practice. The Audit Committee provides effective challenge on issues of internal control and ensures that recommendations made by internal audit are followed up and implemented.

Managing resources

- 21** The Council performs strongly in planning, organising and developing its workforce. It has a skilled and productive workforce that is enhanced with a range of partnerships and shared services.
- 22** A range of management and skills development programmes ensure that the Council has a productive and skilled workforce which contributes effectively to improved and transformed services. Action is taken to meet future demands and to target recruitment on under-represented groups.
- 23** Robust performance management, complemented by a competency framework and development opportunities, allow staff to realise their full potential and be fully effective. A rigorous system of attendance management to monitor and manage sickness absence has further reduced absences to 7.23 days per employee in 2008/09 with action being taken to ensure this positive trend continues.

- 24** Organisational change is managed effectively with good engagement with staff. A culture of openness and respect exists throughout the Council. Staff commitment to change has been recognised by, for example, Beacon status for Transforming Services through Citizen Engagement and Empowerment in 2008. Following a period of significant change within the Council including redundancies, the Council was ranked second, with particular strengths in leadership and teamwork, in the Times' list of best councils to work for.
- 25** A proactive approach to diversity and human resource policies supports the achievement of priorities. The Council now meets level 3 of the Equality Standard for Local Government. A range of staff benefits such as leisure centre discounts and recognition for innovation, commitment, good attendance demonstrate a total rewards approach.

Detailed findings

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

Use of resources 2009/10

27 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 21 April about the audit fee for 2009/10, I identified a number of 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
<p>Shared Services arrangement</p> <p>The Council is in the early stages of its shared financial services arrangement with South Ribble Council. The arrangement potentially offers some economies of scale but service performance, business continuity and contractual risks will need managing.</p>	<p>We will review and monitor the Council's progress in managing the associated risks as part of our work on use of resources.</p>	<p>April 2009 – March 2010</p>
<p>Financial pressures</p> <p>The Council will continue to face increased financial pressures linked to the economic downturn.</p>	<p>We will continue to review the Council's plans for monitoring and managing the financial position as part of our work on Use of Resources.</p>	<p>April 2009 – March 2010</p>
<p>International Financial Reporting Standards</p> <p>2010/11 will see the implementation of international financial reporting standards to local government accounts. This will require forward planning to ensure that the required information is available to enable an efficient transition to the new financial reporting requirements.</p>	<p>We will liaise with finance staff on the key changes required and the plans in place to address them.</p> <p>We will share any 'good' practice or other sources of advice as they become available.</p>	<p>January 2010 onwards</p>

- 28 An additional KLOE, 3.1 - Natural resources will apply to District Councils for 2009/10. However, KLOE 3.3 - Workforce planning will not be assessed. I have also considered any additional risks arising from my 2008/09 value for money conclusion.
- 29 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

30 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
KLOE 1.1 (financial planning) score	3
Key findings and conclusions	
<p><i>Integrated financial planning</i></p> <p>Financial planning is closely aligned with corporate priority setting, so that the priorities are invested in effectively. Chorley’s arrangements for financial strategic planning are effective and it has evidenced how it has shifted resources to focus on neighbourhoods and into priority areas such as community safety, homelessness and affordable housing through its budget consultation and setting process.</p> <p>Its investment in community safety has helped to result in a reduction in crime by a further 2 per cent in 2008/09 and anti-social behaviour has decreased by 15.7 per cent. Investment in improving the homelessness service has resulted in a significant reduction in the use of temporary accommodation and increased customer satisfaction to 94 per cent.</p> <p><i>Medium Term financial planning</i></p> <p>Medium-term financial planning and annual budgeting reflect Chorley’s strategic objectives and priorities over three years, and the assumptions on which they are based are clearly stated. Chorley’s medium term financial strategy (MTFS) links to, and underpins, its key strategic objectives. It takes account of local and national priorities and members engage effectively in the planning process.</p>	

Key findings and conclusions

Chorley has robust arrangements in place which challenge existing resource allocation for determining the best options for providing services. Examples include the setting up of shared financial and assurance services with South Ribble Council which are expected to realise savings over two years of around £150k as well as improved quality of service.

Overview and Scrutiny Committee consider budget proposals and scrutinises efficiency gains demonstrating Chorley's commitment to greater ownership and accountability in the use of resources.

Despite council tax increases being below inflation, Chorley has consistently achieved its targets around efficiency savings. For 2008/09 it is forecasting that £446k (33 per cent above its target) of savings will be made through more effective working and better use of technology.

Engagement with stakeholders

Chorley regularly consults with local residents and stakeholders to ensure that it reflects their views in setting priorities and allocating resources. For example, as part of the 2009/10 cycle it undertook a series of consultation sessions to ensure it involved as wide a group of people as possible. This included sessions with school children, a focus group from the Making Chorley Smile panel, a straw poll in its 'One Stop Shop' together with feedback from parish councils and the Overview and Scrutiny Committee.

Chorley's CPA report in June 2008 highlighted its success in engaging local stakeholders to set ambitions for the local area: 'Effective engagement means ambitions are informed by sound understanding of the Borough's diverse communities and their needs...'

The Place Survey results show that Chorley has the second highest percentage of residents in Lancashire who feel they can influence decisions in their locality.

Manages spending

The Executive Cabinet receives comprehensive quarterly update reports on the delivery of the revenue budget and capital programme, with commentaries around additional pressures and developments in the budget which include recommendations for corrective actions. Directorates update their budget delivery through Business Plan Monitoring Statements, presented to the Overview and Scrutiny Committee on a quarterly basis.

Chorley has a track record of operating within its budget while maintaining good service performance. In 2007/08, 61 per cent of nationally-comparable indicators improved. The percentage of indicators where Chorley performed in the top quartile was significantly above the national average at 41 per cent.

Appendix 1 – Use of resources key findings and conclusions

Key findings and conclusions	
<p><i>Financial Governance and Leadership</i></p> <p>Elected Members and Strategy Group take collective responsibility for the management of Chorley’s finances. There is openness about Chorley’s financial position, and the quarterly reports give clear updates on financial pressures and opportunities as recognised in the CPA report in 2008.</p>	
KLOE 1.2 (understanding costs and achieving efficiencies) score	4
Key findings and conclusions	
<p><i>Understanding costs</i></p> <p>The Council has an excellent understanding of its costs and performance and achieves efficiencies in its activities. It uses transaction costs and unit costs to improve value for money (VFM) and target resources. Combined data sets include cost, activity, performance and human resource information.</p> <p>Chorley is recognised nationally for its innovative use of activity-based costing exercises which allows it to make meaningful comparisons with other councils and eliminate activities that do not add value to service delivery. VFM reviews (already completed for three of the Council’s four directorates). fully examine the rationale, efficiency, effectiveness, economy and impact of each service. Trend data and service transaction costs distinguish the services most in demand in different geographic locations, thereby identifying where to focus resources to improve services for users.</p> <p>Improved outcomes include the better use of technology in waste management services to improve efficiency and responsiveness by sending service requests directly to the contractor, reduced processing costs per benefit claim from £59.57 in 2004/05 to £46.08 in 2008/09, saving £125,000 through a restructure of the Business Directorate and reducing Central Services costs from £27.74 per head in 2006/07 to £20.95 per head in 2008/09. An e-workforce programme reduced the administrative support by 17.5 FTE’s and resources were re-allocated to frontline services.</p> <p><i>Decision making</i></p> <p>The Council makes excellent use of benchmarking cost, performance information in decision making and commissioning. VFM reviews examine how services have a positive impact within the community and on the Council’s objectives. The Council understands and evaluates the impact of its long-term and whole life costs, including environmental and social benefits; for example, additional investment has been made in activities for young people and to provide integrated services within neighbourhoods.</p>	

Key findings and conclusions

The Council makes effective commissioning decisions that are resulting in strong outcomes for the community. Community safety activities with partners and a neighbouring council have resulted in a 28 per cent reduction in crime rates since 2005. Work with the Chorley Children’s Trust has resulted in a 10 per cent reduction in teenage pregnancies and a 75 per cent increase in young people accessing sexual health services.

Making efficiencies

The Council has thorough processes for identifying and making efficiency gains, aligned with business planning. It reported efficiency savings of £2.7 million for the three year period ended 2007/08, over double the govt’s target for this council. Further efficiency savings of £446,000 were reported in 2008/09. Ongoing service improvements have been achieved and high performances maintained whilst reducing costs. In recent years the council has reduced staffing by 100, achieved significant cost savings and kept council tax increases below inflation whilst improving its performance and is achieving its ambitious objectives.

Overall costs are low compared with other district councils and nearest neighbours, based on revenue estimates for 2008/09. Total expenditure on services per head was below the medians for nearest neighbours and for all district councils. Overall costs were comparatively lower than the 2006/07 revenue estimates. Council tax increases have been kept below inflation averaging 1.8 per cent pa over last three years.

Comparative costs of services are variable, ranging from the highest 25 per cent (for example, parks and open spaces) to the lowest 25 per cent (for example, environmental health) but do represent excellent vfm for the outcomes achieved. Where available, unit costs for activities, are generally lower than other councils. The Council is consistently a top performing organisation as recognised in the 2008 CA.

Appendix 1 – Use of resources key findings and conclusions

KLOE 1.3 (financial reporting) score	3
Key findings and conclusions	
<i>Financial monitoring and forecasting</i>	
<p>Financial reporting on a timely, accurate and meaningful basis is embedded across the Council, supporting Managers, Directors and Members. Monitoring reports are taken to Directors and budget holders on a monthly basis. On a quarterly basis the integrated performance, finance and risk report is considered by Overview and Scrutiny Committee and Executive Cabinet with a summary report to full Council. Officers maintain a regular dialogue with those partners who potentially pose financial, operational and reputational risk to the Council.</p> <p>Variations in financial performance and forecast financial outturn for the year are identified and action plans are developed and monitored when a material variance arises or a deficit is forecast. The Council has a good track record of managing financial performance whilst maintaining or improving service delivery.</p>	
<i>Using fit-for-purpose financial reports to monitor performance and support strategic decision making</i>	
<p>Financial and performance data is reported together in combined reports to the Council's Executive Cabinet and Overview and Scrutiny Committee to ensure that financial and strategic decision making is fully integrated. The Council's financial system is accessible to all budget managers and the system has been changed and upgraded during 2008/09 to allow better reporting to budget managers. Internal financial monitoring and reporting during the year is relevant, understandable and accruals based, ensuring a clear link between the budget, in-year forecasts and actual year-end position. Several examples of how the integrated monitoring reports have been used during the year to inform decision making are referred to under KLOE 2.2.</p>	
<i>Preparation of accounts</i>	
<p>The comprehensive monthly budget monitoring reports assist in earlier close down at year end, thus allowing time to comply with the statutory reporting requirements. The Statement of Accounts was approved at the Audit Committee on 24 June 2009 following a comprehensive explanation by the Head of Financial Shared Services. The Accounts were submitted for audit at the start of July and were supported by comprehensive working papers. Accountants have liaised with us on specific accounting issues in the run up to the production of the financial statements. Our audit of the accounts did not identify any material errors.</p>	

Key findings and conclusions

Publishing reports

The Council’s website contains a comprehensive range of financial reports including the 2008/09 pre-audit Statement of Accounts and the 2007/08 Annual Audit and Inspection Letter. In 2008/09 the Council undertook consultation regarding the content of the Council Tax leaflet. In addition to the statutory Council Tax information, this leaflet has been revised to include information which residents stated they valued including the amount of money spent in different service areas, how to contact the Council and information about projects the Council is working on. The design and layout of the leaflet was also changed following the consultation to make it more understandable and reader-friendly. However, external reporting only includes sparse environmental and social information with limited analysis of the council’s environmental footprint.

Table 5 **Theme 2 - governing the business**

Theme 2 score	4
KLOE 2.1 (commissioning and procurement) score	3
Key findings and conclusions	
<i>Clear vision of expected outcomes</i>	
The Council has a clear vision of intended outcomes for local people – reflected in the Sustainable Community Strategy and its Corporate Plan. It has a good understanding of the diversity of the area and the inequalities that exist through customer profiling and the Circle of Need project. It uses this understanding well to target its priorities (for example, tackling health inequalities and alcohol harm) and to determine the best model of service delivery for achieving value for money (VFM).	
<i>Extensive involvement in commissioning</i>	
Local people, partners, staff and suppliers are actively involved in commissioning services, for example, markets management and revised waste collection arrangements.	

Appendix 1 – Use of resources key findings and conclusions

Key findings and conclusions

Improvement through service redesign

The needs of citizens and users are placed at the heart of the design of service delivery through a Business Transformation Programme. Good use is made of ICT to improve access to services, efficiencies, the customer experience and VFM. Investment in 'thin client' technology is designed to further improve operational efficiency whilst enhancing sustainability with reduced CO2 emissions.

Understanding the supply market

The Council has a good understanding of supply markets. VFM reviews consider strategic procurement. It works well with other councils to take advantage of collaborative procurement opportunities and framework agreements. A 'Selling to the Council' guide helps to support local businesses.

Evaluation of procurement options

The Council has a robust approach to procurement that reflects the National Procurement Strategy. An outsourced property services contract includes, for example, a new energy management plan that is forecast to achieve savings of £819,000 over the seven year life of the contract. It has a good understanding of the socio-economic and environmental implications of procurement, reflected in a Sustainable Procurement Policy, a Climate Change Strategy and working with the third sector.

Good progress has been made on shared financial and assurance services with a neighbouring council which is delivering financial savings and provides access to wider expertise. Collaborative procurements take advantage of a variety of OGC buying solutions and consortia frameworks for paper where these prove competitive.

A new waste recycling collection contract from April 2009 includes improved recycling targets and improved performance management arrangements. The model is now used when other councils outsource their waste collection. Strong governance arrangements for all significant partnerships ensure that opportunities to improve VFM are maximised.

The Council works well working with health sector partners - including pooling budgets - to address health inequalities demonstrated by, for example, a reduction in teenage pregnancies. A combined community safety partnership enables joint resources to be targeted more effectively on problem areas with crime incidents having reduced.

Key findings and conclusions	
<p><i>Reviewing service competitiveness and achieving value for money and wider objectives</i></p> <p>The Council reviews the competitiveness of services and achieves VFM, which is an integral part of the Council’s business planning process. Ongoing reviews examine all aspects of services for rationale, efficiency, economy, effectiveness and impact, assess the extent to which they provide VFM and make recommendations for improvements to services. Rough cut activity based costing exercises identify and change or eliminate functions that do not add value to service delivery. The e-workforce programme, for example, reduced the administrative support establishment by 17.5 FTE’s through e-enablement and the introduction of electronic processing.</p>	
KLOE 2.2 (data quality and use of information) score	4
Key findings and conclusions	
<p><i>Data quality</i></p> <p>Strong arrangements are in place to produce relevant and reliable data. An updated Data Quality Strategy sets out how the Council secures good data quality. More emphasis is placed on the accuracy of partners’ data, including independent checks. Procedures, such as Performance Challenge Groups and Performance Round Tables ensure that accurate, consistent and reliable performance data is collected, recorded, analysed and reported. No indicators have been qualified or reserved in the last two years and high quality data found in the current spot-checks.</p> <p><i>Decision making process</i></p> <p>Excellent use is made of information to support the decision making process with a range of data on costs, trends, comparators, public opinion, as well as performance indicators and targets. Fit for purpose performance information, linked to needs, is reported in a timely manner to ensure that the Council can respond to issues and direct resources accordingly; for example, use of data informed the decision to provide the Homelessness service directly by the Council and has also driven a significant reduction in sickness absence. Information is shared with partners, for example, on community safety to target problem areas. Using information from the Police, Fire Service, Council and other partners, this approach has been highly successful and helped contribute to a further fall in crime of over 2 per cent in 2008/09 and to feelings of safety during the day of 91 per cent and 57 per cent at night. Internally the Council is coordinating all customer insight information to further improve responsiveness and meet all the needs of local people for eg addressing issues linked to fastest ageing population in Lancashire.</p>	

Appendix 1 – Use of resources key findings and conclusions

Key findings and conclusions

'Mosaic' customer profiling information makes innovative use of the property gazetteer and is used with partners' data to address specific issues at a neighbourhood level. Resultant action has, for example, improved the cleanliness of the local environment and reduced criminal activity in targeted areas.

Data security

Arrangements are in place to ensure data security and compliance with statutory requirements. A comprehensive and up-to-date Information Security Framework sets out the responsibilities of managers in ensuring that risks to data integrity are mitigated. New posts of Information Manager and Network and Security Manager ensure a strategic overview of security. Procedures ensure each actual or potential security breach is investigated and recommendations resulting from investigations lead to changes in policy and practice.

Refreshed business continuity plans are in place for all of the Council's services and key information systems and their integrity. Tests have demonstrated the resilience of the Council's network and disaster recovery procedures.

As a result the Council complies with the requirements of Government Connect, the secure Intranet, and maintains the confidentiality and integrity of data.

Performance mgt

The Council continues to make excellent use of performance data in managing and improving the delivery of services through the Strategy Group, Executive Cabinet, Overview and Scrutiny Committee and the Audit Committee. A culture of performance improvement and a clear focus on customers are evident throughout the Council. The Council has a track record of exceeding financial and non-financial targets, including efficiency gains.

A sustained focus on priority issues is reflected in strong and improving performance against key indicators resulting in improved outcomes for local people, such as a 28 per cent reduction in crime and a 10 per cent reduction in teenage pregnancies. Under-performance is robustly addressed as, for example, plans to improve the delivery of affordable housing. The number of families in temporary accommodation has reduced from 42 in 2008 to 24 in 2009.

KLOE 2.3 (good governance) score	4
Key findings and conclusions	
<p><i>Principles of good governance</i></p> <p>The Council’s constitution is published on the Council’s website and intranet and clearly describes the roles of Member and Officers. The Constitution and its summary also describe the role of other elected Members and overview and scrutiny committee.</p> <p>The CPA inspection in 2008 recognised the clear roles and good working relationship between Members and senior management team: “There is a culture of openness and respect within the Council. Officers and councillors have clearly defined roles and know what they are responsible for.”</p> <p>The roles of Members and the senior management team are regularly reviewed to ensure that they remain focussed on delivering improvements. eg responsibilities of Executive Members have recently been amended to reflect changes to senior management team to make the Council more customer-focussed.</p> <p>The Council’s Partnerships Framework recognises that the success of any partnership is based on effective systems of governance. The framework establishes the principles of governance and risk management that must be applied in key partnerships.</p> <p>Member Development at Chorley is strong and every elected Member has an up-to-date Personal Development Plan, which identifies possible training needs. Feedback from training sessions is positive, with 90 per cent of Councillors stating they were very satisfied the training provided.</p> <p><i>Purpose and vision</i></p> <p>The Council has an innovative ‘plan on a page’ Corporate Strategy which clearly states the Council’s vision and priorities. This is based on the insight that the Council holds on the local area and its residents – see also KLoE 2.2. The Corporate Assessment of Chorley in 2008 recognised the Council had developed an overarching vision for the area based on a shared understanding of local needs with its local partners:</p> <p>Chorley was recently awarded Beacon Status for ‘Better Outcomes for People and Places’ recognising the strong vision that both Officers and Members have for the local area.</p> <p>There are excellent relationships between members and senior officers, which translate into service delivery and improvement for local communities.</p>	

Appendix 1 – Use of resources key findings and conclusions

Key findings and conclusions

Ethical framework and culture

The Council has Officer and Member Codes of Conduct and a Member-Officer Protocol, which are regularly reviewed.

During 2008, a group of staff developed a set of values which everyone within the Council work to. The leadership of the Council sets an example in adhering to the values and promoting an open culture: “The leadership sets the tone by creating a climate of support, openness and respect, and there is the appropriate level of debate and challenge between councillors and senior managers” (CPA Report 2008)

During 2008/09, CBC has implemented changes to respond to the new arrangements that transferred responsibility for assessing complaints from the Standards Board for England to the local Standards committee. Members have attended training on conducting local assessment hearings and training offered by the North West Independent Members’ Forum

Partnership governance

Chorley has a comprehensive partnership framework that covers all the key partnerships. The framework ensures that the partnerships are consistently managed effectively particularly in relation to identified risks. This includes a scheme of delegation and steps to ensure compliance with the Council’s wider policies.

The CPA inspection in 2008 recognised the success the Council has had in using partnerships to improve outcomes: “The Council has constructive and proactive relationships with its key strategic partners, whose view of the Council is extremely positive. Partnership working is delivering improvements for local people in line with priorities.”

The Council has worked with the voluntary, community and faith sector within Chorley to develop a compact which clearly sets out the common principles that the Council and VCF sector will work to when working together.

KLOE 2.4 (risk management and internal control) score	3
Key findings and conclusions	
<p><i>Risk management</i></p> <p>The comprehensive Risk Management Framework sets out how risk management will operate within all of Chorley’s key business systems and processes. The Council proactively manages its key risks in achieving its priorities through the Strategic Risk Register aligned to its corporate priorities, which is overseen by the Audit Committee. Mitigating actions are integrated into Business Improvement Plans, with clear ownership assigned to individuals and portfolio holders.</p> <p>Members receive training on the arrangements for risk management, as do key officers. In 2008/09, project management training was undertaken with key staff which focussed on identifying and managing risks.</p> <p>Chorley’s Partnership Framework sets out corporate standards for partnership governance, including performance management and risk management ensures that it ethical standards are replicated in all partnerships. There are a range of examples where the council has responded to risks highlighted through its risk management approach both for itself and in partnership and has effectively reduced the risks and resulted in improved services many of which we have quoted under other KLOEs.</p> <p>Detailed governance assessments and reviews of joint risk registers for all Chorley’s key partnerships were carried out in 2008/09. These include assessments around sustainability, equality and diversity and business continuity.</p> <p><i>Counter fraud and corruption arrangements</i></p> <p>Chorley refreshed its Anti-Fraud & Corruption Strategy, Whistle-Blowing and Anti Money-Laundering Policies during 2008/09. These were included in new sections on the intranet and promoted through team briefings.</p> <p>Recently the Council undertook a review to develop a Corporate Anti Fraud and Corruption Risk Register. This involved a risk assessment of the potential for fraud within the activities of each directorate and included partnership working and joint venture activity. These individual risk assessments are used to inform the pro-active counter fraud and corruption work on an ongoing basis.</p> <p>Chorley’s strong anti-fraud stance is also demonstrated in its success in prosecuting and sanctioning benefit claimants for fraud. The Benefit Enquiry Unit secured 13 successful prosecutions and 80 sanctions for 2008/9. This represents 12.23 prosecutions/sanctions per 100,000 caseload which is well above average for the North West of 5.99.</p> <p>Counter fraud and corruption measures extend to the Council’s partnerships. The Partnerships Framework contains guidance on the standards of behaviour and personal conduct required from members, officers and partners involved in partnership activity which partners are required to sign up to.</p>	

Appendix 1 – Use of resources key findings and conclusions

Key findings and conclusions

Systems of internal control

Chorley has sound systems of internal control. It has operated an Audit Committee since 2001 and the arrangements were formally reviewed and updated in 2007 following an internal assessment of compliance with the CIPFA Code of Practice on Audit Committees. An effective internal audit is in place which complies with CIPFA's code of practice for internal audit. Internal audit concluded for 2008/09 that a sound control environment had been in place across the authority.

There is an ongoing programme of training and the Committee regularly receives presentations and briefings to provide context and background to the external and internal audit reports they are asked to consider. The committee provides effective challenge on issues of internal control and ensures that recommendations made by internal audit are followed up and implemented.

Chorley has adopted a Local Code of Corporate Governance which includes a robust mechanism for the production of the Annual Governance Statement. The annual self-assessment includes the integration of Directorate Assurance Statements within Chorley's performance management, assurance framework and overall system of corporate governance.

Table 6 Theme 3 - managing resources

Theme score	4
KLOE 3.3 (workforce planning) [score / not applicable to single tier and county councils in 2008/09]	4
Key findings and conclusions	
<p><i>Productive and skilled workforce</i></p> <p>Through a range of management and skills development programmes the Council has a productive and skilled workforce that is making an effective contribution in delivering improved and transformed services. The Council has introduced a number of initiatives such as modern apprenticeships and succession planning in, for example, Building Control and Planning services to meet future demands. It makes good use of e-recruitment and targets recruitment on under-represented groups.</p> <p>Joint working with other agencies and councils, such as financial and assurance services, is making good use of scarce capacity and allows expertise to be shared.</p> <p>Robust performance management, complemented by a competency framework and development opportunities, allows staff to realise their full potential and be fully effective. Non-value adding work activities have been eliminated with resources re-allocated to front-line services. A rigorous system of attendance management to monitor and manage sickness absence has reduced absences by 30 per cent in the last two years to 7.23 days per employee. Action is being taken to ensure this positive trend continues, including health and wellbeing initiatives, such as smoking cessation and health screening.</p> <p>High performance, innovation are recognised by the annual Chief Executive’s Awards for individual employees and teams.</p> <p><i>Workforce planning</i></p> <p>Workforce planning is effective and integrated into business improvement planning process to ensure that the Council has the future capacity and skills to achieve its priorities. Staffing implications of new proposals are assessed. Development opportunities enable staff to prepare for future roles and retain expertise within the Council. A programme of value for money reviews ensures current and future working structures are fit for purpose and aligned to the service delivery needs of local people.</p>	

Appendix 1 – Use of resources key findings and conclusions

Key findings and conclusions

Organisational change

Organisational change is managed effectively with good engagement with staff. A culture of openness and respect within the Council and a range of communication and consultation mechanisms reassure staff that senior managers are approachable and are genuinely interested in their views. Council successes - such as achieving Investors in People in 2007 and Beacon status for Transforming Services through Citizen Engagement and Empowerment in 2008 - are celebrated as an achievement for everyone in the Council.

Additional work, such as individual briefings and support from the Human Resources team, is undertaken during organisational change to ensure those staff affected (for example, in the restructure of ICT services) are kept fully informed and are able to engage with the consultation process.

Staff satisfaction has increased during a period of significant change involving redundancies, restructuring and redeployment. In 2008, Chorley was the runner-up in the Times' list of best councils, with particular strengths in leadership and teamwork.

Diversity and good people management

A proactive approach to diversity and human resource policies and practices supports the achievement of priorities. The Council now meets level 3 of the Equality Standard for Local Government – the independent assessment found that employment and training was a particular strength. The diversity of the workforce – and opportunities – is reflected amongst senior managers. Whilst the workforce reflects the local BME population it does not reflect the percentage of the economically active population who have a disability.

The equal pay audit has been completed and the results implemented.

A range of staff benefits such as leisure centre discounts and recognition for innovation, commitment, good attendance demonstrate a total rewards approach that helps to attract and retain staff.

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Chorley Borough Council

Organisational Assessment

Dated 9 December 2009



oneplace

for an independent overview
of local public services

Chorley Borough Council

Overall, Chorley Borough Council performs excellently

Managing performance	4 out of 4
Use of resources	4 out of 4
Managing finances	3 out of 4
Governing the business	4 out of 4
Managing resources	4 out of 4

Description of scores:

1. An organisation that does not meet minimum requirements, Performs Poorly
2. An organisation that meets only minimum requirements, Performs Adequately
3. An organisation that exceeds minimum requirements, Performs Well
4. An organisation that significantly exceeds minimum requirements, Performs Excellently

Summary

Chorley Borough Council performs excellently.

The Council is providing high quality services and delivering the priorities that local people have identified as important. Chorley is a clean and safe place and the Council has led an effective response to the recession. There are still challenges for the Council and its partners to deal with, such as housing and health, but good work within local communities is helping to address these issues effectively.

The Council scores 4 out of 4 for managing performance. Crime and teenage conception rates have fallen in recent years. Most people feel that Chorley is a safe place during the day but less so after dark. Surveys also show that Chorley is a place where people get on well together, take part in voluntary activities and work for the community. Chorley's streets are cleaner than in most other council areas. More household waste is being recycled.

Action taken by the Council has reduced the effects of the recession. Ninety seven new businesses have been established and 273 jobs created since 2008. Virtually all new businesses in Chorley are surviving for at least a year. Fewer shops are empty in the town centre and more people are now visiting the town. Unemployment is reducing and is below the Lancashire average. Average earnings are increasing and more 16 to 18 year olds have found education, employment or training positions in the past year.

The Council knows where further work is required. Action is being taken to provide more affordable homes. Admissions to hospital caused by alcohol harm, although reducing, are comparatively high. The Council is working with

other service providers to reduce the main causes of poor health in some communities. Overall 73 per cent of local people say that their health is good or very good but this figure is not as high as in most parts of England.

The Council scores 4 out of 4 for its use of resources. It uses its finances effectively to achieve priorities. Local people get value for money in the services they receive. The Council can show how it has moved resources towards supporting neighbourhoods, better community safety, more affordable homes and services for homeless people.

A clear vision sets out what the Council wants to achieve. It has an excellent understanding about the needs of Chorley's various communities. This information is used to design and deliver services and to work more effectively with other public service providers. Examples of these improvements can be seen in community safety and better support for vulnerable families.

A productive and skilled force led by effective councillors and strong managers is helping to ensure that the Council has the capability and capacity to continue to improve. The Council is recognised nationally for working with people and places. It is continuously reviewing the way it works in order to become even more efficient and ensure taxpayers get value for money.

About Chorley Borough Council

Chorley is a borough in central Lancashire to the south of Preston. Motorway and rail connections make the area accessible from most parts of Lancashire and the wider sub-region. The population of Chorley is 104,100 of which 5.7 per cent are from black, Asian and minority ethnic communities.

Chorley is the 188th most deprived local authority area out of 354 council areas. Unemployment is lower than the Lancashire, national and regional averages. But about an eighth of the borough's areas are amongst the most disadvantaged 20 per cent nationally.

Chorley Borough Council has 47 councillors representing 20 wards. The Conservative Party has control with 27 councillors. There are 15 Labour, 3 Liberal Democrat and 2 Independent councillors. The Council's priorities and strategic objectives are:

Prosperity

- Strengthen Chorley's economic position in the Central Lancashire sub-region.

People

- Improving equality of opportunity and life chances.
- Involving people in their communities.

Place

- Develop local solutions to climate change.

- Develop the character and feel of Chorley as a great place to live.

Performance

- Ensure Chorley Council is a consistently top performing organisation.

Organisational assessment

The Council has a clear vision for the borough which has been developed by working closely with local people and communities. It has an excellent understanding of their needs, what services they want and how they want to receive them. By delivering services, often in partnership with other providers, the Council is achieving excellent outcomes for each of its priorities. Services have shown continuous and sustained improvement in recent years. The Council's arrangements for monitoring its performance ensure that the majority of projects to achieve priorities are on track and targets are met.

We have considered how well the Council is performing against each of its priorities.

Prosperity

The Council has taken effective action to reduce the impact of the recession. Projects support local businesses and residents, including redundancy support and an outreach worker in disadvantaged communities encouraging business start-ups. Ninety seven new businesses have been established and 273 jobs created since 2008. Virtually all new businesses in Chorley are surviving for at least a year. Fewer shops are empty in the town centre.

Unemployment in Chorley has consistently been below the Lancashire, national and regional averages. From April 2008 to April 2009 the unemployment rate increased from 1.7 to 3.4 per cent. Latest figures show that it had reduced to 3.1 per cent in July 2009. Average earnings have continued to increase.

Action plans are in place to increase the vitality of the local economy. These include further improvements to the market and the choice and quality of shops in the town centre which has been recognised by a North West Markets Town award. Visitors have increased by 12 per cent in the last year.

People

The Council is improving equal opportunities and life chances for local people. It is excellent at engaging with local people and involving them in their communities. The Council is nationally recognised for its work in supporting and promoting communities where people get along.

Life chances for young people and the quality of life for older people are improving. The Council and other public services are reducing differences in health amongst Chorley people, particularly around alcohol and teenage conceptions. In the last two years teenage conceptions have fallen by 21 per cent, with a 70 per cent increase in the number of young people accessing

sexual health services and education. Action is being taken to reduce the high number of alcohol related hospital admissions in Chorley. Although the number is reducing, it is high compared with other parts of Lancashire. Overall 73 per cent of local say that their healthy is good or very good but this figure is not as high as in most parts of England.

More people are taking part in sports and leisure activities. Participation rates have increased amongst older people, people with a disability, ethnic minority communities and young people from Chorley's most disadvantaged areas. Vulnerable families receive good support from the Council and other public services. This support is resulting in increased school attendance, less domestic violence and better levels of family health.

Across Chorley, more 16 to 18 year olds were in education, employment or training in January 2009 than in 2008. The proportion of working age people in Chorley's most disadvantaged areas who claim benefits has reduced and is already better than the Lancashire target for 2011.

Twenty six groups and individuals have received rewards in recognition of their efforts to improve life in Chorley. The Chorley Smile campaign involves people in their community and highlights how they can play their part. The Council works with them to promote active, responsible citizenship and as a result is encouraging more and more residents to take pride in their area.

More than eight in ten Chorley residents believe that people from different backgrounds get on well together. A similar number think that people treat each other with respect and consideration. Almost a third, which is comparatively high, believe that they can influence decisions in their locality. Examples of this include dedicating additional resources to activities for young people, introducing a third wheelie bin for recycling and the design of the refurbished All Seasons leisure centre.

The Council has allowed local people to take a more direct role in running services, such as community centres. These arrangements have been successful in improving facilities, increasing usage and giving access to training opportunities and IT classes. The Council has encouraged and increased volunteering across age groups, particularly in areas with historically low levels of engagement and voluntary activity.

Place

More people are satisfied with Chorley as a place to live than in 2006. The level of satisfaction is one of the highest across Lancashire. Chorley's streets are comparatively cleaner than in most other areas. The Council has also received national recognition for improving the quality of the local environment and the image of the borough. Weeks of action engage residents in community clean-up days. An extra wheelie bin is reducing spillages and keeping streets cleaner after refuse collections. Fewer people now consider that abandoned cars, litter, graffiti and vandalism are problems.

Neighbourhood working provides new ways of delivering services that are most appropriate for their local areas. Local people and organisations such as the Council and the Police work together to plan services such as street cleaning, grass cutting, housing and community safety. This strong focus on

neighbourhood communities gives local people power to influence decisions and target resources on issues that matter most to them.

The Council and its partners have had a positive impact in reducing the level of crime in Chorley. Weeks of action involve up to 30 agencies who work together to tackle specific issues in an area. By combining intelligence and concentrating efforts on problem areas, local people are assured that their concerns are being addressed. Overall crime has reduced by 28 per cent since 2005. Burglary fell by 26 per cent and theft and anti-social behaviour fell by 16 per cent in 2008/09. The only increase was for serious violent crime, up by eight per cent. Nine out of ten of residents feel safe during the day and almost six in ten at night.

Positive action is being taken to increase the delivery of affordable housing. The Council has, for example, invested £700,000 in a purchase and repair scheme that has attracted a similar level of investment from a housing association. It is aiming to deliver 103 homes over the next two years. However, only 39 homes were delivered in 2008/09 compared with the target of 50. Improvements to the homelessness service, now provided directly by the Council, have resulted in fewer households being placed in temporary accommodation. Further plans include facilities for families and for people with disabilities in the Council's hostel. A wider range of services and support are also being introduced such as life skills and job advice.

The Council is developing local solutions to address the effects of climate change. Strict planning controls are intended to reduce carbon emissions and ensure developments are able to withstand climate change. Projects such as One World Living provide advice and environmental audits for businesses. Effective action is being taken to reduce the Council's own carbon footprint when it buys goods and services. An invest to save programme using combined heat and power at the All Seasons Leisure Centre is forecast save £40,000 and reduce carbon emissions by 99 tonnes each year.

A new refuse and recycling contract, food waste collections and town centre recycling litter bins have further reduced the amount of waste sent to landfill for disposal. Fifty two per cent of household waste is now being sent for recycling, composting or re-use, compared with 47 per cent in 2007/08.

Performance

The Council is a consistently top performing organisation. It plans projects and actions well to ensure that they reflect and meet the needs of the Chorley area and its people. The Council has achieved level 3 of the Equality Standard for Local Government in recognition of its work to support vulnerable people and reduce levels of inequality. The number of council employees from ethnic minority communities has increased. The Council works well with people in more disadvantaged and rural areas to ensure that they know what help is available to improve their quality of their life.

External awards also recognise the quality of council services and work to improve the health and well-being of employees. Fifty one per cent of local people are satisfied with how the Council runs things which compares very well with other councils. Over 97 per cent of people contacting the Council feel that they receive an excellent service. The Council continually improves

value for money in its services. It has reviewed and changed services to ensure they are delivered efficiently. Despite a reduction of 100 staff in recent years, the Council has made cost savings, kept council tax increases below inflation and improved performance.

The Council has the leadership, capacity and capability it needs to deliver further improvements. Political and managerial leadership are strong. Both councillors and officers demonstrate excellent leadership and place the needs of local people at the heart of what they are seeking to achieve. In particular, the Council has introduced a wide range of activities to support local businesses and residents during the economic downturn and to promote investment in the borough.

The capability of councillors and officers is also strong. They are well supported by development programmes and learning opportunities, reflected by high levels of staff satisfaction. Skills gaps and capacity have been addressed through, for example, shared financial and assurance services and a community safety partnership with a neighbouring council. These arrangements have generated efficiency savings and given access to a wider range of expertise.

Capacity is increased by effective partnership working with other public services, community and voluntary groups. Partners work effectively together to make good use of their combined resources. Examples of this joint approach include improved community safety, reduced differences in levels of health and more affordable homes. The Council works with other Lancashire councils to secure cost savings through the joint procurement of goods and services.

Action to address high levels of sickness absences has had a significant impact. The approach has reduced absences from an average of 10.3 to 7.23 days per employee.

Strong financial and performance management arrangements are in place to monitor progress against the Council's budget, priorities, key projects and actions. The arrangements link with corporate planning and a medium term financial strategy and ensure that the Council's resources are used effectively to improve services. In particular, investment in specific projects, for example, alcohol harm reduction, has attracted significant further investment from partners. Effective arrangements for producing accurate and reliable data mean that decision making is well informed.

CAA looks at how well local public services, working together, are meeting the needs of the people they serve. It's a joint assessment made by a group of independent watchdogs about the performance of local public services, and how likely they are to meet local priorities. From 9 December you will find the results of Comprehensive Area Assessment on the Oneplace website - <http://oneplace.direct.gov.uk/>

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for an independent overview
of local public services



Report of	Meeting	Date
Head of Shared Assurance Services	Strategy Group Audit Committee	08/12/09 14/01/10

STRATEGIC RISK UPDATE REPORT

PURPOSE OF REPORT

1. The Strategic Risk Register (SRR) is the most important component of the Council's risk management arrangements and a key element of the overall performance management framework. It is the vehicle by which the Council aims to identify and address any potential risks to the achievement of its strategic objectives and goals. It complements the Corporate Strategy and assists in managing its ongoing delivery.
2. The aim of this report is to show the progress made in implementing a range of projects and actions, contained within Directorate Business Improvement Plans (BIPs) which seek to address the key risks and opportunities in the SRR for 2009/10.

RECOMMENDATION(S)

3. That members note the progress made by reference to the monitoring statement shown at Appendix 2 to this report.

EXECUTIVE SUMMARY OF REPORT

4. Almost all of the key strategic risks and opportunities identified in the SRR for 2009/10 have "green" status, indicating that they are being effectively managed. This is because the respective projects and actions that were planned to mitigate them are on track.
5. Only 4 strategic risks have "amber" status and in each case corrective actions are being taken to bring them back on track.
6. There are no strategic risks with "red status".
7. The SRR will be updated early in the new-year to take account of:
 - the projects & actions completed in 2009/10;
 - new & emerging strategic risk issues which require additional projects and actions in 2010/11.
8. Any new projects and actions required will appear in the revised SRR and Directorate BIPs for 2010/11.

CORPORATE PRIORITIES

9. This report relates to the following Strategic Objectives:

Put Chorley at the heart of regional economic development in the Central Lancashire sub-region		Develop local solutions to climate change.	
Improving equality of opportunity and life chances		Develop the Character and feel of Chorley as a good place to live	
Involving people in their communities		Ensure Chorley Borough Council is a performing organization	✓

BACKGROUND

- 10. For 2009/10 we have made the SRR more user friendly by producing it in the same format as the Corporate Strategy overview. The new SRR on a page for 2009/10 (Appendix 1) is fully aligned to Directorate Business Improvement Plans (BIPs).
- 11. A monitoring statement as at the mid-point of the current financial year has been compiled (Appendix 2) using information from two sources:
 - Performance information provided from the Policy and Performance Directorate on progress of the key corporate projects contained in the Corporate Strategy.
 - A self-assessment questionnaire completed by Directors showing progress to implement a range of additional actions included in BIP’s that are also contained in the SRR.

SUMMARY OF PROGRESS

- 12. Almost all of the key strategic risks and opportunities identified in the SRR for 2009/10 have “green” status, indicating that they are being effectively managed. This is because the respective projects and actions that were planned to mitigate them are on track.
- 13. Only 4 strategic risks have “amber” status and in each case corrective actions are being taken to bring them back on track. These are summarised in Appendix 2 and we will follow these up with the officers concerned early in the new-year.
- 14. There are no strategic risks with “red status”.
- 15. The SRR will itself be also be updated early in the new-year to take account of the actions taken in 2009/10, any ongoing risks, plus any new or emerging strategic risk issues which require new actions. Any new projects and actions required will appear in the revised SRR and Directorate BIPs for 2010/11.
- 16. A final SRR monitoring statement for 2009/10 will be reported to members at the end of the current financial year.

REASONS FOR RECOMMENDATION(S)

- 17. The Audit Committee's terms of reference require it to oversee all aspects of governance including risk management. This report gives members the assurance that the Council's strategic risk management arrangements are effective and its strategic risks are actively managed.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 18. No alternative options are appropriate to this item

IMPLICATIONS OF REPORT

- 19. The Directorates with any "amber" projects or actions will now focus on these to bring them back on track.

GARRY BARCLAY
 HEAD OF SHARED ASSURANCE SERVICES

There are no background papers to this report.

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STRATEGIC RISK REGISTER 2009/10

The Council's ambition is for Chorley to be recognised as the most attractive, caring and vibrant place in the North West to live, to work, to invest and to visit.

Our Vision

People can expect safe, clean, sustainable neighbourhoods with equal access to first class, co-ordinated public services which meet their diverse needs. They can expect high quality local job and training opportunities, a decent home and to be valued and respected by all. They will be able to have their say and influence local services in their areas and to insist on good value for public money. The character of our friendly, contemporary market town and its surrounding villages will be enhanced whilst ensuring Chorley plays a pivotal role in regional economic development.

PRIORITY	PROSPERITY	PEOPLE	PLACE	PERFORMANCE		
STRATEGIC OBJECTIVE	<p>1 Strengthen Chorley's economic position in the Central Lancashire Sub-Region</p> <p>Leads: Cllr P Malpas Jane Meek</p>	<p>2 Improving Equality of opportunity and life chances</p> <p>Leads: Cllr P Case Jamie Carson</p>	<p>3 Involving people in their communities</p> <p>Leads: Cllr J Walker Donna Hall</p>	<p>4 Develop Local solutions to climate change</p> <p>Leads: Cllr P Malpas Jane Meek</p>	<p>5 Develop the character and feel of Chorley as a great place to live</p> <p>Leads: Cllr P Goldsworthy Ishbel Murray</p>	<p>6 Ensure Chorley Council is a consistently top performing organisation</p> <p>Leads: Cllr P Goldsworthy Lesley-Ann Fenton</p>
LONG TERM OUTCOME	<p>1.1 A vibrant local economy</p> <p>1.2 A thriving Chorley town centre and other service centres</p> <p>1.3 Preserve jobs in the borough</p> <p>1.4 Create and maintain Higher Added Value jobs</p>	<p>2.1 The number of neighbourhoods in the worst 20% nationally will reduce</p> <p>2.2 Improved life chances for young people and children</p> <p>2.3 Improved quality of life for the borough's older people</p> <p>2.4 Healthier communities and reduced health inequalities</p> <p>2.5 Improved quality of life in rural communities</p>	<p>3.1 People will be involved in decision making and in improving the well being of their communities</p> <p>3.2 Increase the level of volunteering in the borough</p>	<p>4.1 The Council's environmental footprint will be reduced</p> <p>4.2 An improved local environment</p> <p>4.3 Seek to protect the local natural environment and improve biodiversity</p>	<p>5.1 More people will be satisfied with Chorley as a place to live</p> <p>5.2 There will be a range of housing tenures that address community requirements</p> <p>5.3 There will be more affordable housing</p> <p>5.4 Safer communities</p> <p>5.5 Improvement and extension of the green corridor of Chorley</p>	<p>6.1 Community aspirations are delivered through the efficient use of resources and effective performance management</p> <p>6.2 An excellent community leader</p> <p>6.3 A provider and procurer of high quality priority services</p> <p>6.4 An excellent Council that is continually striving to improve</p> <p>6.5 Improved access to public services</p>
KEY STRATEGIC RISKS (RED) AND OPPORTUNITIES (GREEN)	<p>Outcome 1.1</p> <ul style="list-style-type: none"> Deliver the Economic Regeneration Strategy to achieve objectives in the corporate plan but resourcing may be an issue Failure to deliver a strategy/proactive structured approach to create employment Economic slowdown / credit crunch – reducing developments in the borough <p>Outcome 1.2</p> <ul style="list-style-type: none"> Town Centre – risk of decline unless investment is made Delays to the Market Walk phase 2 development The effect of the recession on the high street may result in the loss of small business and big stores <p>Outcome 1.3</p> <ul style="list-style-type: none"> Not retaining skills base in local economy (52% of working population travel outside the Borough) Excellent schools & skills base Impact of the economic slowdown on employment levels Lack of priority given to addressing issues in areas of deprivation <p>Outcome 1.4</p> <ul style="list-style-type: none"> Not retaining skills base in local economy (52% of working population travel outside the Borough) Excellent schools & skills base Impact of the economic slowdown on employment levels 	<p>Outcome 2.1</p> <ul style="list-style-type: none"> Uncoordinated agency approach to individuals, families and young people in SOA's Worsening gap between haves and have not's in the borough The recession may worsen life-chances in the most deprived areas <p>Outcome 2.2</p> <ul style="list-style-type: none"> A reduced focus on teenage pregnancy by the LEA in Chorley could result in an increase within hotspots of the borough <p>Outcome 2.3</p> <ul style="list-style-type: none"> Failure to implement long term plans to cope with an ageing population on issues affecting the older members of society Insufficient resources to support an ageing population <p>Outcome 2.4</p> <ul style="list-style-type: none"> Good and affordable leisure facilities and countryside location Lack of leadership from the PCT as they are in a period of change Specific problems regarding alcohol, respiratory diseases and cancer Alcohol is still an issue and generally health issues are still worse than our nearest neighbours in the 2009 Chorley health profile <p>Outcome 2.5</p> <ul style="list-style-type: none"> In comparison to similar (family) authorities health in Chorley is poor Lack of a co-ordinated approach to deliver improved quality of life in rural communities 	<p>Outcome 3.1</p> <ul style="list-style-type: none"> Potential changes to the 4 yearly system from 2011 <p>Outcome 3.2</p> <ul style="list-style-type: none"> Lack of direct focus on promoting volunteering by the Council 	<p>Outcome 4.1</p> <ul style="list-style-type: none"> Implementation of the Climate Change Strategy The cost implications of 'green' options <p>Outcome 4.2</p> <ul style="list-style-type: none"> Mobilisation of the new waste collection contract Improving local neighbourhoods & the environmental footprint <p>Outcome 4.3</p> <ul style="list-style-type: none"> Maximize the level of council owned land which is actively conservation managed. 	<p>Outcome 5.1</p> <ul style="list-style-type: none"> The place survey will change the way we measure satisfaction from service based to more 'place' based Maintaining the identity of the borough <p>Outcome 5.2</p> <ul style="list-style-type: none"> Local people priced out of the housing market Lack of affordable housing The recession and housing market slump will affect development of affordable properties as developer's bank land Homelessness and demand for temporary accommodation may increase due to job losses and the collapse of buy to let Increasing levels of mortgage repossessions may result in higher numbers of homeless presentations Increase in demand for private rented sector due to inability to obtain mortgage finance <p>Outcome 5.3</p> <ul style="list-style-type: none"> Local people priced out of the housing market Lack of affordable housing The recession and housing market slump will affect development of affordable properties as developer's bank land Loss of S106 Income may lead to failure to deliver affordable housing <p>Outcome 5.4</p> <ul style="list-style-type: none"> Changes to Community Safety Partnership - strategic responsibility to County may move resources / impact away from Chorley Impact of recession may lead to increasing levels of crime <p>Outcome 5.5</p> <ul style="list-style-type: none"> Good and affordable leisure facilities and countryside location 	<p>Outcome 6.1</p> <ul style="list-style-type: none"> 3% Efficiency and Transformation Targets Deliver better VFM Data Quality issues Proactively manage the Council's performance information architecture in response to the new NI set Dealing with increasing customer expectations Falling satisfaction with the Council during the recession Failure to achieve level 3 of the Equality Standard (6.4) <p>Outcome 6.2</p> <ul style="list-style-type: none"> Two tier working opportunities Develop LSP activity The need to manage political relationships effectively Keeping partners engaged <p>Outcome 6.3</p> <ul style="list-style-type: none"> Maintain excellent services & performance in light of budget/efficiency targets Workforce Plan now in place Find other ways to provide non priority services & redirect resources to priority areas Ineffective management of the Council's partnerships (not LSP) The adverse economic climate may affect partner's service delivery and key contracts. Loss of key staff following CPA Staff retention of due to a lack of career path <p>Outcome 6.4</p> <ul style="list-style-type: none"> Falling income streams due to recession may adversely effect resourcing and service delivery <p>Outcome 6.5</p> <ul style="list-style-type: none"> Proactively manage the Council's performance information architecture in response to the new NI set Potential for complacency following the achievement of excellent status Successfully Implement CRM Implement a strategy for managing customer access / focus and channel migration Deal with failure demand from NI 14

ACTION PLANNED

The prime means of addressing the strategic risks or exploiting the opportunities listed above is by means of the key projects contained in the Corporate Strategy. However in addition to these, Directorates also plan to undertake further actions which are contained within their individual Business Improvement Plans. These actions are recorded on the reverse of this page.

PRIORITY	PROSPERITY	PEOPLE	PEOPLE	PLACE	PLACE	PERFORMANCE
	<p>Business Directorate</p> <ul style="list-style-type: none"> Implement the "Market Chorley to the world" action plan (1.1,1.2,1.4) Continue to market the "Revolution" strategic regional site (1.1,1.4) Deliver the "New business start up" program(1.1,1.2,1.4) Implement the "Chorley Employment Charter" (1.1,1.3) Explore the feasibility of a private sector led "Town Centre Management Board" (1.1) Provide support to business and staff using: Redundancy Task Force Connect to Work Enterprise Facilitator service (1.1,1.3) Undertake an analysis of which business will be worst affected by recession and the impact on rural business (1.1,1.2,1.3) Develop joint working with CCH and other RSL's to remove barriers to employment and address skills gaps (1.3, 2.1) Implement the "Connect to work project"(1.3) <p>Business Transformation & Improvement Directorate</p> <ul style="list-style-type: none"> Investigate the reduction of invoice processing times (1.1,1.2,1.3) <p>Information & Communications Technology Directorate</p> <ul style="list-style-type: none"> Develop web site "dialogues" relating to the economic downturn containing advice and guidance (1.3,2.1,3.2,6.5) Explore the feasibility of implementing a Chorley digital TV channel to provide improved communication with the public (1.3,2.1,6.5) <p>People Directorate</p> <ul style="list-style-type: none"> Develop a specific range of measures within the "Children's Trust" activity (1.3) People 	<p>Business Directorate</p> <ul style="list-style-type: none"> Develop the Friday Street health centre project with the PCT facilitated through "Land bank" (2.1,2.4) Target the "Chorley Employment Charter" towards areas of deprivation (2.1) Focus the use of the Outreach Enterprise Facilitator Service towards deprived areas to encourage entrepreneurship and self employment (2.1) Develop outreach projects at Cotswold House Including Family Planning/Sexwise /Jobcentre plus/welfare advice and develop a programme of learning for customers on basic literacy and maths, life and parenting skills (2.2,2.4) Develop a coordinated peer education project with other partners for delivery in schools targeted at most deprived areas where young people more likely to seek social housing at an earlier stage (2.2) Promote the "CHESS" fuel poverty scheme (2.2,2.3) Procure a new Handyperson Scheme contract (2.3) Housing advice team to deliver outreach (2.5) <p>Business Transformation & Improvement Directorate</p> <ul style="list-style-type: none"> Utilise the Medium Term Financial Strategy to manage resources (2.3,6.3) <p>Chief Executives Office</p> <ul style="list-style-type: none"> Chief Executives of CBC/PCT to undertake regular liaison meetings to develop relations (2.4) <p>Neighbourhoods Directorate</p> <ul style="list-style-type: none"> Undertake the CDRP Community Satisfaction Plan and Strategic Assessment (2.2) Days of action planned for rural areas in 2009 (2.5) <p>People Directorate</p> <ul style="list-style-type: none"> Continue to invest in free swimming (2.2,2.3) Deliver "Get up and Go" (2.2) Deliver the "Children's Trust" guidance on risk taking behaviour (2.2,2.4) Utilise the "Circles of Need" project to provide better joined up services for older people (2.3,6.2) Implement the "Rescue for Health" initiative (2.4) Undertake joint working with the PCT to develop a health inequalities strategy (2.4) Price freeze on Leisure Services admissions across the board (2.4) Lobby the Central Lancashire Health and Well-being Board lobby to develop corporate partnership working around the PCT footprint (2.4) <p>Policy & Performance Directorate</p> <ul style="list-style-type: none"> Meetings planned between the ACE (P&P) and the PCT Director of Partnerships to develop closer joint working through LSP activity (2.4) Undertake an LSP rural economic diversification project (2.5) Establish a "Rurality" task and finish" group (2.5) Work with LSP partners to allocate performance reward grant effectively to reduce the gap and address key issues relating to inequality and life chances (2.1,2.2,2.3,2.4,3.2,5.4,6.1,6.2) 	<p>Business Directorate</p> <ul style="list-style-type: none"> Work in partnership with TWL Ltd to encourage volunteering and activities in areas of deprivation(3.2) <p>Business Transformation & Improvement Directorate</p> <ul style="list-style-type: none"> Budget consultation exercises 2009/10 (3.1) <p>Chief Executives Office</p> <ul style="list-style-type: none"> Investigate further opportunities for community management (3.1) <p>Neighbourhoods Directorate</p> <ul style="list-style-type: none"> Implement the "Face the Public" community safety initiative based on a strategic assessment (3.1) Neighbourhood Working consultation event (3.1) The expansion of community development and neighbourhood working includes targets to increase volunteering to be measured in the Neighbourhoods action plan. (3.2) <p>People Directorate</p> <ul style="list-style-type: none"> All SPAA projects contain elements of volunteering (3.2) Develop a corporate Volunteering Plan (3.2) <p>Policy & Performance Directorate</p> <ul style="list-style-type: none"> Review the Citizen's Panel (3.1) Utilise the LSP Community Empowerment Network (3.2) Introduce a lottery funding training program for officers and volunteers (3.2) Focus on promoting volunteering through Chorley Smile (3.2) Information and links to volunteering will be made available on the Chorley Partnership Web site (3.2) 	<p>Business Directorate</p> <ul style="list-style-type: none"> CHESS scheme to target energy saving measures in private sector housing (4.1) Achieve the targets set in the Corporate Strategy to increase the no of sites which are actively managed (4.3) <p>Neighbourhoods Directorate</p> <ul style="list-style-type: none"> Develop an "in house" recycling scheme within the Council (4.1) Green Flag status applied for Totton Rec, Withnell and Yarrow Valley (4.3) <p>People Directorate</p> <ul style="list-style-type: none"> Implementation of the Heat Exchanger project at All Seasons to save 33% of CBC annual carbon target (4.1) <p>Policy & Performance Directorate</p> <ul style="list-style-type: none"> Publicise and administer the climate change grants for SME's and the Third Sector (4.2) 	<p>Business Directorate</p> <ul style="list-style-type: none"> Complete the restructure of Strategic Housing (5.2) Implement an In house Debt Councillor (5.2) Assume direct management of Cotswold House (5.2) Deliver the Homeless Prevention Strategy (5.2) Establish a holistic housing advice centre and promote all housing options (5.2) Develop effective links with the private rented Sector and a Rental Bond Scheme for vulnerable people (5.2) Terminate the CAB agreement and bring the specialist housing advisor back in house (5.2) Develop and implement a Mortgage Rescue Scheme (5.2) Work with the Courts to determine if any forthcoming possession hearings are preventable (5.2) Proactively target empty homes (5.2) Develop the Land Holding project to deliver 40 housing units (5.3) Explore the housing opportunities for existing sites not considered viable that may attract social housing grant (5.3) Set up an affordable housing task force to improve internal communication and maximise section 106 outputs (5.3,6.3) Developing a programme of potential sites for expenditure of commuted sums for affordable housing (5.3) <p>Neighbourhoods Directorate</p> <ul style="list-style-type: none"> Establish a "mini – MATAC" within each of the seven Neighbourhood areas (5.4) <p>Policy & Performance Directorate</p> <ul style="list-style-type: none"> Analyse the place survey results to ensure public satisfaction issues are addressed (5.1,6.1) 	<p>Business Directorate</p> <ul style="list-style-type: none"> Implement the recommendations from the VFM review of Business (6.1) Implement the "Homestart" family Support Project (6.2) Develop an outreach service including home visits for homelessness and housing advice customers (6.5) <p>Business Transformation & Improvement Directorate</p> <ul style="list-style-type: none"> Continue VFM review program (6.1) Update the procurement and efficiency strategy (6.3) Undertake training for managers in the application of the revised Partnership Framework (6.3) Update exit management plans for all key partners and contracts (6.3) Continue to monitor partnership performance with regular reports to members.(6.3) <p>Human Resources & Organisational Development Directorate</p> <ul style="list-style-type: none"> Deliver the actions in the Workforce Plan (6.1) Work with Staff Matters to develop health and wellbeing activities to improve staff workplace and community satisfaction (6.3) Deliver the Management Leadership Program (6.4) <p>Neighbourhoods Directorate</p> <ul style="list-style-type: none"> Develop and establish Mobile Working within Neighbourhoods (6.5) <p>People Directorate</p> <ul style="list-style-type: none"> Complete a partial restructure in People and appoint a 'Customer Information Officer' (6.5) Undertake the 'Tell Us Once' Bereavement Pilot scheme (6.5) Deliver the draft project within the Locality Plan to provide combined access channels for all development applications (6.5) <p>Policy & Performance Directorate</p> <ul style="list-style-type: none"> Continue to fund LSP projects (6.2) Develop a Locality Plan with LCC (6.2) Adopt relevant former BVPI 's as local indicators and incorporate them within Service Plans (6.3,6.4) Undertake a CAA self assessment and implement action to address gaps (6.3,6.4) Implementation of a new Corporate Performance management system. (6.4) N1 14 baselines taken and actions to address avoidable contact planned (6.5) Apply for funding for the proposed "Timely Information for Citizens" project to reduce "Avoidable Contact" (6.5) Utilise LAA funding to develop further projects with partner and strengthen commitment to joint working (6.2)

APPENDIX 2 - STRATEGIC RISK REGISTER 2009/10 - MONITORING STATEMENT

(1) Strategic Objective	(2) Key Strategic Risks & Opportunities (O)	(3) Status	(4) Comments (if Red or Amber)
PROSPERITY Strengthen Chorley's economic position in the Central Lancashire Region	A THRIVING CHORLEY TOWN CENTRE AND OTHER SERVICE CENTRE		
	Delivering the Economic Regeneration Strategy to achieve objectives on the corporate plan but resourcing may be an issue (O)	A	One of the key projects aimed at exploiting this opportunity is to "Develop a succession strategy to sustain businesses for the future". A forward plan is to be developed as part of the new emerging corporate strategy project to take the issue forward.
	Failure to deliver a strategy / proactive structured approach to create employment	G	On Track
	Economic slowdown / credit crunch – reducing developments in the borough	G	On Track
	A THRIVING CHORLEY TOWN CENTRE AND OTHER SERVICE CENTRE		
	Town Centre – risk of decline unless investment is made	G	On Track
	Delays to the Market Walk phase 2 development	G	On Track
	The effect of the recession on the high street may result in the loss of small business and big stores (O)	G	On Track
	PRESERVE JOBS IN THE BOROUGH		
	Not retaining skills base in local economy (52% of working population travel outside the Borough)	G	On Track
	Impact of the economic slowdown on employment levels	G	On Track
	Lack of priority given to addressing issues in areas of deprivation	G	On Track
	CREATE AND MAINTAIN HIGHER ADDED VALUE JOBS		
	Excellent schools & skills base (O)	G	On Track

	THE NUMBER OF NEIGHBOURHOODS IN THE WORST 20% NATIONALLY WILL REDUCE		
	Uncoordinated agency approach to individuals, families and young people in SOA's	G	On Track
	Worsening gap between haves and have not's in the borough	G	On Track
	The recession may worsen life-chances in the most deprived areas	G	On Track
	IMPROVE LIFE CHANCES FOR YOUNG PEOPLE AND CHILDREN		
	A reduced focus on teenage pregnancy by the LEA in Chorley could result in an increase within hotspots of the borough	G	On Track
	IMPROVED QUALITY OF LIFE FOR THE BOROUGH'S OLDER PEOPLE		
PEOPLE Improving Equality of opportunity and life chances	Failure to implement long term plans to cope with an ageing population on issues affecting the older members of society	G	On Track
	Insufficient resources to support an ageing population	G	On Track
	HEALTHIER COMMUNITIES AND REDUCED HEALTH INEQUALITIES		
	Lack of leadership from the PCT as they are in a period of change	G	On Track
	Specific problems regarding alcohol, respiratory diseases and cancer	G	On Track
	Alcohol is still an issue and generally health issues are still worse than our nearest neighbours in the 2008 Chorley health profile	G	On Track
	In comparison to similar (family) authorities health in Chorley is poor	G	On Track
	IMPROVED QUALITY OF LIFE IN RURAL COMMUNITIES		
	Lack of a co-ordinated approach to deliver improved quality of life in rural communities	G	On Track
	PEOPLE Involving people	PEOPLE WILL BE INVOLVED IN DECISION MAKING AND IN IMPROVING THE WELL BEING OF THEIR COMMUNITIES	
Potential changes to the 4 yearly system from 2011		G	On Track
INCREASE THE LEVEL OF VOLUNTEERING IN THE COMMUNITY			

in their communities	Lack of direct focus on promoting volunteering by the Council	G	On Track				
THE COUNCILS ENVIRONMENTAL FOOTPRINT WILL BE REDUCED							
PLACE Develop Local solutions to climate change							
				Implementation of the Climate Change Strategy (O)	G	On Track	
				The cost implications of 'green' options	G	On Track	
				AN IMPROVED LOCAL ENVIRONMENT			
				Mobilisation of the new waste collection contract (O)	G	On Track	
				Improving local neighbourhoods & the environmental footprint (O)	A	A further action to "publicise and administer the climate change grants for small & medium enterprises and the third sector" has had limited effect. Only one application was received and 50% of the budget has now been allocated to other schemes.	
				SEEK TO PROTECT THE LOCAL NATURAL ENVIRONMENT AND IMPROVE BIODIVERSITY			
				Maximize the level of council owned land which is actively conservation managed (O)	A	One of the actions aimed at exploiting this opportunity is to "achieve the targets set in the Corporate Strategy to increase the number of sites which are actively managed". Work on this has been delayed due to a dispute with LCC over funding. The funding has now been agreed and Natural England are about to commence a survey.	
MORE PEOPLE WILL BE SATISFIED WITH CHORLEY AS A PLACE TO LIVE							
PLACE Develop the character and feel of Chorley as a great place to live							
				The place survey will change the way we measure satisfaction from service based to more 'place' based	G	On Track	
				Maintaining the identity of the borough	G	On Track	
				THERE WILL BE A RANGE OF HOUSING TENURES THAT ADDRESS COMMUNITY REQUIREMENTS			
				Homelessness and demand for temporary accommodation may increase due to job losses and the collapse of buy to let	G	On Track	
				Increasing levels of mortgage repossessions may result in higher numbers of homeless presentations	G	On Track	
				Increase in demand for private rented sector due to inability to obtain mortgage finance	G	On Track	
				THERE WILL BE MORE AFFORDABLE HOUSING			

	Local people priced out of the housing market	G	On Track
	Lack of affordable housing	G	On Track
	The recession and housing market slump will affect development of affordable properties as developer's bank land	G	On Track
	Loss of S106 income may lead to failure to deliver affordable housing	G	On Track
	SAFER COMMUNITIES		
	Changes to Community Safety Partnership - strategic responsibility to County may move resources / impact away from Chorley	G	On Track
	Impact of recession may lead to increasing levels of crime	G	On Track
	IMPROVEMENT AND EXTENSION OF THE GREEN CORRIDOR IN CHORLEY		
	Good and affordable leisure facilities and countryside location (O)	G	On Track
PERFORMANCE Ensure Chorley Council is a consistently top performing organisation	COMMUNITY ASPIRATIONS ARE DELIVERED THROUGH THE EFFICIENT USE OF RESOURCES AND EFFECTIVE PERFORMANCE MANAGEMENT		
	3% Efficiency and Transformation Targets (O)	G	On Track
	Deliver better VFM (O)	G	On Track
	Data Quality issues	G	On Track
	Proactively manage the Council's performance information architecture in response to the new NI set (O)	G	On Track
	Dealing with increasing customer expectations (O)	G	On Track
	Falling satisfaction with the Council during the recession	G	On Track
	Failure to achieve level 3 of the Equality Standard (6.4)	G	On Track
	AN EXCELLENT COMMUNITY LEADER		
	Two tier working opportunities (O)	G	On Track
Develop LSP activity (O)	G	On Track	

The need to manage political relationships effectively	G	On Track
Keeping partners engaged	G	On Track
A PROVIDER AND PROCURER OF HIGH QUALITY PRIORITY SERVICES		
Maintain excellent services & performance in light of budget/efficiency targets	G	On Track
Workforce Plan now in place (O)	G	On Track
Find other ways to provide non priority services & redirect resources to priority areas (O)	G	On Track
Ineffective management of the Council's partnerships (not LSP)	A	One of the actions aimed at addressing this risk is to "undertake training for managers in the application of the revised Partnership Framework". This has been delayed and discussions are now ongoing to take this forward. A further action was to "update exit management plans for all key partners and contracts". This has also been delayed and the Partnerships and Procurement Manager is now advising client officers to review their arrangements.
The adverse economic climate may affect partner's service delivery and key contracts.	G	On Track
Loss of key staff following CPA	G	On Track
Staff retention of due to a lack of career path	G	On Track
Falling income streams due to recession may adversely effect resourcing and service delivery	G	On Track
AN EXCELLENT COUNCIL THAT IS CONTINUALLY STRIVING TO IMPROVE		
Proactively manage the Council's performance information architecture in response to the new NI set (O)	G	On Track
Potential for complacency following the achievement of excellent status	G	On Track
IMPROVED ACCESS TO PUBLIC SERVICES		
Successfully Implement CRM	G	On Track
Implement a strategy for managing customer access / focus and channel migration (O)	G	On Track

	Deal with failure demand from NI 14 (O)	G	On Track
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Key

RED	Ineffective and off track – urgent corrective action required
AMBER	Adequate but some planned corrective action required
GREEN	Effective and on track



Report of	Meeting	Date
Head of Shared Assurance Services	Audit Committee	14/01/10

INTERNAL AUDIT INTERIM REPORT AS AT 27th NOVEMBER 2009

PURPOSES OF REPORT

- 1 The purposes of this report are to:
- advise members of the work undertaken in respect of the Annual Internal Audit Plan during the initial eight months of 2009/10 and to comment on the results.
 - give an appraisal of the Internal Audit Service’s performance to date.
 - inform members of any other developments involving or impacting upon the work of the Internal Audit Service.

RECOMMENDATIONS

- 2 That the committee approves the deferment of the audits to 2010/2011 for the reasons stated below.

CORPORATE PRIORITIES

- 3 This report relates to the following Strategic Objectives:

Put Chorley at the heart of regional economic development in the central Lancashire sub region		Develop local solutions to climate change	
Improving equality of opportunity and life chance		Develop the character and feel of Chorley as a good place to live	
Involving People in their Communities		Ensure Chorley is a performing Organisation	✓

- 4 The Accounts and Audit Regulations 2003 require every local authority to “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices”. Such practices are laid down as standards in the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.
- 5 The CIPFA Code of Practice defines Internal Audit as “an assurance function that provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisation’s objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources”.

- 6 The Internal Audit Service therefore seeks to provide assurance that the Council is a **performing organisation**.

BACKGROUND

- 7 This is the second interim progress report for the current financial year and covers the period between 28th August 2009 and 27th November 2009.

INTERNAL AUDIT PLAN

- 8 **Appendix 1** to this report provides a “snapshot” of the overall progress made in relation to the 2009/10 Internal Audit Plan, indicating which audits have been completed, those that are in progress and those that have yet to start. Appendix 1 also shows the time planned and actually spent on individual audits.
- 9 At this stage the plan is on course to be completed. The majority of audit assignments undertaken to date are on or around budget, with the exception of three which have overrun significantly: National Fraud Initiative (NFI), Estates, Criminal Records Bureau and the residual work from 2008/2009 which was reported to the last meeting. A nominal number of days is allocated to NFI in each Annual Audit Plan. The actual time utilised has increased this year in response to the number of ‘matches’ that we have investigated. The review of Criminal Record Bureau checks was being undertaken by an officer who has moved to Information Services and her work is being completed by another member of our Team. This has resulted in the original number of days allocated being exceeded.
- 10 It has been agreed with senior management to defer the reviews of Contract Standing Orders, Asset Management, the Refuse Collection / Recycling Contract and Equality & Diversity and to include them in the 2010/2011 Internal Audit Plan. The reasons for this are that in respect of Contract Standing Orders, one aspect, the waiver of Contract Standing Orders, was included in the scope of the Procurement review which was in the 2008/2009 Internal Audit Plan and finalised in quarter 3 of 2009/2010. A review of Asset Management was also included within the 2008/2009 Plan and is still to be finalised. The Refuse Collection / Recycling Contract commenced in April 2009 and it has been agreed to allow it to embed for a year or so prior to being reviewed by Internal Audit.
- 11 **Appendix 2** provides more detailed information on the Internal Audit work undertaken since the last meeting.

INTERNAL AUDIT PERFORMANCE

- 12 The table at **Appendix 3** provides information on Internal Audit performance as at the end of November 2009. The performance indicator set is based on work undertaken by the UK public sector audit agencies in 2007 plus service user and staff consultation.
- 13 Again, the majority of the measures are on or around target and explanations are provided in the table.

OTHER DEVELOPMENTS

- 14 In September, a member of the Team was successful in her application to join the Help Desk Team within South Ribble Borough Council’s Information Services. Whilst this could have impacted on the delivery of the Plan, with management’s support and agreement to defer those audits mentioned above in section 10, it has allowed us to manage the situation.

IMPLICATIONS OF THE REPORT

- 15 The matters raised in the report are cross cutting and impact upon the authority as a whole, rather than specific directorates.

GARRY BARCLAY
 HEAD OF SHARED ASSURANCE SERVICES

Background Papers			
Document	Date	File	Place of Inspection
Accounts & Audit Regulations	2003	Shared Assurance Services	Civic Centre - Leyland

Report Author	Ext	Date	Doc ID
Garry Barclay Clare Ware	01772 625272 01772 625249	14/01/10	AC Interim Report Jan 2010

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APPENDIX 1 - INTERNAL AUDIT PLAN 2009/10

Audit Areas	Qtr	Plan	Actual	Bal	Status
CHORLEY					
CORPORATE GOVERNANCE					
External Inspection (CAA, UofR)	1 & 4	20	13.3	6.7	Ongoing
Governance Assurance Statements	1	20	12.8	7.2	Complete
Corporate Policies (<i>Partnership Framework</i>)	2	15	2.2	12.8	In Progress
Corporate Policies (<i>Whistleblowing</i>)	3	15	3.0	12	In Progress
Corporate Policies (<i>Sustainability</i>)	4	15	0	15	Not Started
Data Quality (inc. Partnerships)	ALL	40	23	17	In Progress
ANTI-FRAUD & CORRUPTION					
National Fraud Initiative	ALL	30	43.8	-13.8	Complete
Anti-Fraud & Corruption Policies	4	15	0	15	Not Started
System Interrogations	3	20	3	17	On-going
Fraud Awareness / Bulletins	ALL	5	0.3	4.7	On-going
KEY BUSINESS SYSTEMS					
Contract Standing Orders	3	15	1.0	14	Deferred to 2010/2011
Equality & Diversity	4	15	0	15	Deferred to 2010/2011
COMPUTER AUDIT					
Various Areas	3 & 4	35	4.2	30.8	In progress
FINANCIAL SYSTEMS					
Key Systems Review (ISA)	4	30	0	30	Not Started
Asset Management	4	15	0	15	Deferred to 2010/2011
Estates	3	15	16.2	-1.2	In Progress
KEY OPERATIONS					
Transport	3	20	11	9	In Progress
Leisure Contract	3	15	0.4	14.6	In Progress
Neighbourhoods Assets	4	15	2.9	12.1	In Progress
Refuse Collection / Recycling Contract	3	15	0	15	Deferred to 2010/2011
Car Parking (old & new arrangements)	3	10	4.1	5.9	In Progress
Criminal Record Bureau Checks	2	5	9.2	-4.2	Complete
Markets	1	15	17.4	-2.4	Complete
Homelessness	3	15	18.6	-3.6	In Progress
GENERAL AREAS					
Irregularities (Contingency)	ALL	20	3.2	16.8	Ongoing
Post Audit Reviews	ALL	25	27.8	-2.8	Ongoing
Residual Work from 2008/9	ALL	15	35	-20	Complete
Unplanned Reviews (Contingency)	ALL	20	17.4	2.6	Ongoing
Project Support	ALL	15	0.4	14.6	No requests received to date
Audit Committee Reporting & Training	ALL	25	14.7	10.3	Ongoing
SUB-TOTAL		550	285	265	
SHARED SERVICES					
Main Accounting / General Ledger	4	20	0	20	Not Started
Capital	4	20	0	20	Not Started
Cash and Bank	4	20	0	20	Not Started
Creditors	4	20	0	20	Not Started
Treasury Management	4	15	0	15	Not Started
Risk Management Framework	4	10	0	10	Not Started
General Controls Advice	4	25	0	25	No requests received to date
SUB-TOTAL		130	0	130	

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APPENDIX 2

SUMMARY OF INTERNAL AUDIT ACTIVITY APRIL – NOVEMBER 2009

AUDIT AREA	AUDIT INPUT	CONTROLS RATING	KEY CONTROL ISSUES
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1.	SHARED SERVICES			
	All reviews to be undertaken in Quarter 4			

2.	CORPORATE GOVERNANCE			
	External Inspection (CPA, Use of Resources)			As reported in the first Interim Report
	Directorate Assurance Statements			As reported in the first Interim Report
	Corporate Policies (Partnership Framework)	To be completed	Not yet available	Work in progress
	Corporate Policies (Whistleblowing)	To be completed		Work in progress
	Corporate Policies (Sustainability)	To provide assurance that the council's arrangements to meet its sustainability obligations are adequate and effective, ensuring that the council's role is appropriate and exposure to risks is minimised.		

	AUDIT AREA	AUDIT INPUT	CONTROLS RATING	KEY CONTROL ISSUES
	Data Quality	Supporting the ongoing data quality control process, including sample checks of "high risk" National Indicators.	Not applicable to this item. Proactive input provided rather than an audit / review.	Remaining indicators due to be reviewed during the last quarter Any minor issues identified to date have been rectified during the review.
3.	ANTI-FRAUD & CORRUPTION			
	National Fraud Initiative (NFI)	Co-ordinate and contribute to the investigation of matches from the NFI exercise. The majority of the matches have been fully investigated. Co-ordination of the Council's input to the Council Tax / Electoral Register 2009 national exercise was undertaken in October and December 2009.	N/A	As a result of the 2008/9 exercise, 2 benefit fraud cases were identified; the benefit overpayment amounts to £51k. There are currently a number of other benefit cases under investigation.
	Anti Fraud and Corruption Policies	Review to undertaken in Quarter 4		
	System Interrogations	Using IDEA software a matching exercise was undertaken. Payroll data was matched to Creditors data to establish if any officers had been paid through the creditors system.	Not applicable to this item.	A number of matches were identified and are being investigated further.
4	COMPUTER AUDIT			
	Review of Government Connect	The planned review of the Government Connect project has been postponed. Options for a replacement review are being explored by management.		

	AUDIT AREA	AUDIT INPUT	CONTROLS RATING	KEY CONTROL ISSUES
	Review of Data Protection / Freedom of Information / Environmental Information Regulations.	To ascertain whether the council has effective procedures in place to manage and respond to requests for information.	Not yet available	Work in progress
6.	FINANCIAL SYSTEMS			
	Key System (ISA)	Review to be undertaken in quarter 4		
	Estates	To undertake a review of the partnership with Liberata	Not yet available	Work in Progress
7.	KEY OPERATIONS			
	Transport	To undertake a review of the system controls and procedures to ensure that sustainability, planning and maintenance of fleet vehicles are effective and to give assurance that an appropriate vehicle management system is in place and is operating effectively.	Not yet available	Work in Progress
	Leisure Contract	Review to provide assurance that the terms of the leisure contract arrangements with Active Nation (formally CLS) are complied with and that the systems to manage and monitor the contract arrangements are adequate.	Not yet available	Work in Progress

	AUDIT AREA	AUDIT INPUT	CONTROLS RATING	KEY CONTROL ISSUES
	Criminal Record Bureau (CRB)	To determine whether or not CRB checks are being undertaken appropriately.	Adequate (Draft report stage)	Written procedures need to be put in place and a review of posts needs to be undertaken to ensure that the correct level of CRB check is undertaken.
	Neighbourhood Assets	To review the controls in place surrounding Neighbourhood Assets, including Ground Maintenance and Street Cleansing.	Not yet available	Work in Progress
	Car Parking	To review the administration processes, receipt and recording of car park income and to gain an overview of the procurement and partnership arrangements in place.	Not yet available	Work in Progress
	Markets	A review of controls over: allocation of stalls; receipt and banking of income; health and safety and staff time recording.	Adequate	No issues identified.
	Homelessness	A review of procedures and controls in place at the council's hostel, Cotswold House.	Adequate (Draft report stage)	Significant improvements have taken place. Some weaknesses identified in payment recording, notification of insurance requirements and CRB checks.
8.	GENERAL AREAS			
	Post Audit Reviews			
	Formal follow-up reviews of: Licensing; Framework for Partnership Working; E-claims; Control of Cash;	Formal follow up of those agreed management actions due for implementation, to verify that they have been implemented and are operating effectively.		No key control issues.

	AUDIT AREA	AUDIT INPUT	CONTROLS RATING	KEY CONTROL ISSUES
	Debt Management; ICT Security; Budget Setting and Control; Data Quality			
	Residual Work from 2008/09			
	Various areas			As reported in the first Interim Report
	Unplanned Reviews			
	Insurance Certificates and Driving Licenses for Officers and Members	Review of procedures in respect of checks of insurance and driving licenses for officers and members.	Not yet available	Work in progress

KEY TO CONTROL RATINGS

Substantial	The Authority can place sufficient reliance on the controls. Only minor control weaknesses exist.
Adequate	The Authority can place only partial reliance on the controls. Some control issues need to be resolved.
Limited	The Authority cannot place sufficient reliance on the controls. Substantive control weaknesses exist.

The above control ratings relate only to the point in time when the final audit report was issued. They represent a historic rather than a current judgement as managers are charged with implementing corrective action plans to address the control issues raised. This is in turn supported by a programme of follow-up reviews by the Internal Audit Service.

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Internal Audit Performance Indicator Table – As At 27th November 2009

	Local Performance Indicators	Target 09/10	Target To Date	Actual to Date	Comments
1	% of audit time utilised	100	65	56	Slightly under target as the audit work to be undertaken by Lancashire Audit Services is scheduled for Q3 & Q4.
2	% of planned time used	90	60	52	On target
3	% audit plan completed	92	61	47	A number of reviews are at draft report stage and at the point of being finalised
4	% management actions agreed	97	97	100	Target exceeded.
5	% of agreed management actions implemented	Priority 1 100 Priority 2 80	Priority 1 80 Priority 2 70	88% P1 N/A P2	Target exceeded.
6	Of the agreed management actions implemented – the % implemented on time	Priority 1 100 Priority 2 80	Priority 1 100 Priority 2 80	100% P1 N/A P2	On target. All management actions implemented on time.
7	% overall customer satisfaction rating (assignment level)	96	96	100%	Target exceeded.

Priority 1 actions are considered essential as they impact significantly on the Council's system of governance and internal control and may influence external inspection outcomes. A lack of timely implementation will be reported to the Governance Committee. **Priority 2** actions will significantly improve the level of control and will be monitored by Internal Audit. A lack of timely implementation may be reported to the Governance Committee.

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