



Accountants &  
business advisers

# **Epping Forest District Council**

## **Use of resources 2008/09**

January 2010

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### **Code of Audit Practice and Statement of Responsibilities of Auditors and Audited Bodies**

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission contains an explanation of the respective responsibilities of auditors and of the audited body. Reports and letters prepared by appointed auditors are addressed to members or officers. They are prepared for the sole use of the audited body and no responsibility is taken by auditors to any member or officer in their individual capacity or to any third party.

# 1 Executive summary

- 1.1 The use of resources assessment considers how well organisations are managing and using their resources to deliver value for money and achieve better, sustainable outcomes for local people. From 2008/09 it is structured into three themes that focus on the importance of sound and strategic financial management, strategic commissioning and good governance, and the effective management of natural resources, assets and people.
- 1.2 The aim of this report is to set out the key findings that support our judgements in each of the key lines of enquiry in the assessment of Epping Forest District Council ('the Council'). We have highlighted areas where the Council is performing well and indicated areas where there is scope for development in order to improve arrangements and/or outcomes and as a consequence progress towards a higher score.

## Assessment

- 1.3 Our scores for each key line of enquiry are shown below:

Theme	2008/09
<b>Managing Finances</b>	
• Planning for financial health	2
• Understanding costs and achieving efficiencies	2
• Financial reporting	2
Theme score	<b>2</b>
<b>Governing the business</b>	
• Commissioning and procurement	2
• Use of information	2
• Good governance	2
• Risk management and internal control	2
Theme score	<b>2</b>
<b>Managing resources</b>	
• Natural resources	N/A <sup>1</sup>
• Strategic asset management	N/A <sup>2</sup>
• Workforce	2
Theme score	<b>2</b>
<b>Overall use of resources score</b>	<b>2</b>

- 1.4 These scores have been subject to national quality control procedures and confirmed by the Audit Commission to the Council on 19 October 2009. The scores feed into the Council's organisational assessment where a 2 was awarded for the Managing Performance theme and the Council received an overall 2 in its Organisational Assessment.

<sup>1</sup> Not scored in 2008/09 – to be assessed in 2009/10

<sup>2</sup> Not scored in 2008/09 – to be assessed in 2010/11

## Key messages

### *Managing finances*

- 1.5 The Council has been able to demonstrate a commitment to improved delivery of its strategic priorities through the development of increasingly robust strategic planning. However, these improvements were being put in place during 2008/09 and, therefore, had only begun to show an impact in relation to the 2009/10 planning process. The 2008/09 planning process did not demonstrate a comprehensive and co-ordinated approach primarily because the adoption of the performance indicators was not sufficiently linked to service planning. This has impacted on the Council's ability to demonstrate clear improved outcomes in relation to its priorities and, consequently, establishing a Level 3 for this KLOE. In addition, although the Council can demonstrate consultation with stakeholders there needs to be a clearer link between consultation on financial planning and how this directly informs the decision-making processes.
- 1.6 The Council has put in place good foundations to enable it to understand costs and performance, driven by its value for money strategy. However, consideration of value for money, costs and performance information were not consistently demonstrated during the 2008/09 service planning process. In order to achieve a Level 3, the Council needs to be able to demonstrate, inter alia, the impact of its VFM strategy and that VFM analysis has directly influenced service planning, leading to outcomes and improvement.
- 1.7 The Council has a history of managing spending within resources and has increased its reserves in recent years. Financial management and reporting arrangements are adequate but could be improved through the inclusion of forecasts within the financial monitoring reports. The financial performance of some partnerships is monitored but there is scope to extend these arrangements to include regular review of all significant partnerships. The timely publication of the e-Annual Report would be helpful in underpinning the Council's accountability to stakeholders. The Council still needs to identify key issues in relation to IFRS and develop an action plan to ensure timely production of the opening balance sheet.

### *Governing the business*

- 1.8 The Council has shown that it has generally effective arrangements for commissioning and procurement, demonstrated through specific initiatives and through its engagement with stakeholders. However, in order to improve its score from Level 2, the Council will need to develop its strategic approach to commissioning and procurement and its engagement with stakeholders. In particular the Procurement Strategy is not sufficiently up to date and does not act as a focus or a driver of the Council's procurement initiatives. The Council needs to link this to its VFM Strategy and include analysis of cost and performance information.
- 1.9 The Council has developed sound arrangements for the production and use of data and management information, improving its overall performance management framework during 2008/09. Nonetheless there is scope for the Council to develop these arrangements further to ensure that there is sufficient emphasis on ensuring that key data quality messages are translated through to staff. In order to improve on its Level 2 score, the Council will need to develop comprehensive systems or protocols for identifying data quality issues in relation to partners, including identification of significant information flows that impact on decision-making.
- 1.10 Although the Council can demonstrate elements of good practice in relation to governance, such as the independent member attendance at the Audit and Governance Committee, there were some key weaknesses that have held the Council back to a Level 2. These include the need to define what skills and knowledge might be expected of members of particular committees, in order to equip members to make informed training needs self assessments. In addition, member training and development would benefit from the provision of specific ethics training to members and individual personal development plans.

- 1.11 The Council demonstrated that there was a commitment to proper risk management, with risks being linked to strategic objectives. However, there are a number of areas that the Council will need to improve to attain a Level 3 in this KLOE. These include updating the risk strategy to link to Council strategic objectives and evaluation of the effectiveness of risk management against outcomes. In addition the Council will need to robustly test its Business Continuity Plan for effectiveness.

### ***Managing resources***

- 1.12 The natural resources (KLOE 3.1) and asset management (KLOE 3.2) KLOEs were not subject to assessment in 2008/09.
- 1.13 The Council has demonstrated that it recognises the threats and opportunities presented by workforce planning and is addressing these. The Council has continued to improve its approach to its workforce through leadership and management development, resulting in strong leadership identification. This approach stands out in its aim to improve the organisation at a number of levels. However, whilst it is recognised that the Council exhibits a number of notable strengths in its management of workforce, there are a number of areas that need to be consolidated before a Level 3 can be achieved. In particular the Council's Workforce Development Plan requires updating to reflect the strategic objectives of the Council and its understanding of current staffing information and how this influences service planning.

### **Acknowledgement**

- 1.14 We would like to thank staff for their co-operation and assistance provided to us in the course of this work.

## 2 Introduction

### Audit approach

- 2.1 From 2008/09 the use of resources assessment has been revised and forms part of the Comprehensive Area Assessment. The new assessment considers how well organisations are managing and using their resources to deliver value for money and better, sustainable outcomes for local people. The assessment comprises three themes that focus on:
- Managing finances - sound and strategic financial management
  - Governing the business - strategic commissioning and good governance
  - Managing resources - management of natural resources, assets and people.
- 2.2 Each theme consists of a number of key lines of enquiry (KLOE) that form the areas of audit focus and auditors are required to score organisations against each of the KLOE. The Audit Commission specifies which KLOE are to be assessed in each year in its annual work programme and fees document. The specified KLOEs for 2008/09 and 2009/10 are set out in Appendix 1.
- 2.3 The new use of resources approach is more demanding than previous assessments. The KLOE are more strategic and broadly based than previously and embrace wider resource issues, such as workforce planning, and in future will include the use of natural resources.
- 2.4 The KLOE are supported by characteristics of performance within specific focus areas, which aid auditors in making rounded judgements about performance. The characteristics are published on the Audit Commission's website as part of the use of resources guidance for auditors and audited bodies ([www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)).
- 2.5 The use of resources assessment uses a four point scale from 1 to 4, with 4 being the highest. The table below summarises the underlying principles implicit in performance at levels 2, 3 and 4.

Level 2 Meets only minimum requirements – performs adequately	Level 3 Exceeds minimum requirements – performs well	Level 4 Significantly exceeds minimum requirements – performs excellently
<p>Arrangements, that are consistent with established professional practice and guidance, meet statutory requirements and operate effectively.</p> <p>Arrangements sufficient to address the KLOE demonstrating, for example: organisational leadership and commitment; partnership working; and appropriate capacity and skills informed by priorities with supporting action plans as appropriate.</p> <p>Arrangements that achieve minimum acceptable levels of performance.</p>	<p>Implemented effective arrangements that are:</p> <ul style="list-style-type: none"> <li>• forward looking and proactive in identifying and developing opportunities for improvement; and</li> <li>• include more sophisticated measuring and assessment techniques.</li> </ul> <p>Outputs and outcomes demonstrate arrangements which are effective and have the intended impact. Where appropriate, the arrangements show evidence of effective partnership working.</p> <p>Evidence of performing consistently above minimum acceptable levels and achieving value for money.</p>	<p>Demonstrating innovation or best practice.</p> <p>Demonstrating strong outcomes for the community including through partnership working.</p> <p>Evidence of performing well above minimum acceptable levels and achieving excellent value for money.</p>

- 2.6 The new use of resources assessment focuses more on value for money achievements, outputs and outcomes rather than on processes. Partnership, equalities and data quality themes run throughout the KLOEs.

### **Specific risk-based work**

- 2.7 The summary of our findings will be reported in our Annual Audit Letter and evidence gathered during these reviews has been used to support our rounded judgements. No additional recommendations have been identified in respect of our Health Inequalities work at this time but the previous recommendations will be reviewed in the 2009/10 follow-up work.

### **Quality assurance**

- 2.8 Our assessments were subject to three (internal, local and national) levels of quality assurance:
- Internal PKF consistency review on 28 May 2009
  - We participated in the area based challenge covering the Essex area on 1 July 2009
  - Internal PKF consistency Panel on 14 August 2009
  - Our scores have also been subject to national quality control procedures on 25 and 26 August 2009.
- 2.9 The scores were confirmed by the Audit Commission to the Council on 19 October 2009. The scores have been reported with the Council's Organisational Assessment.

### **Findings**

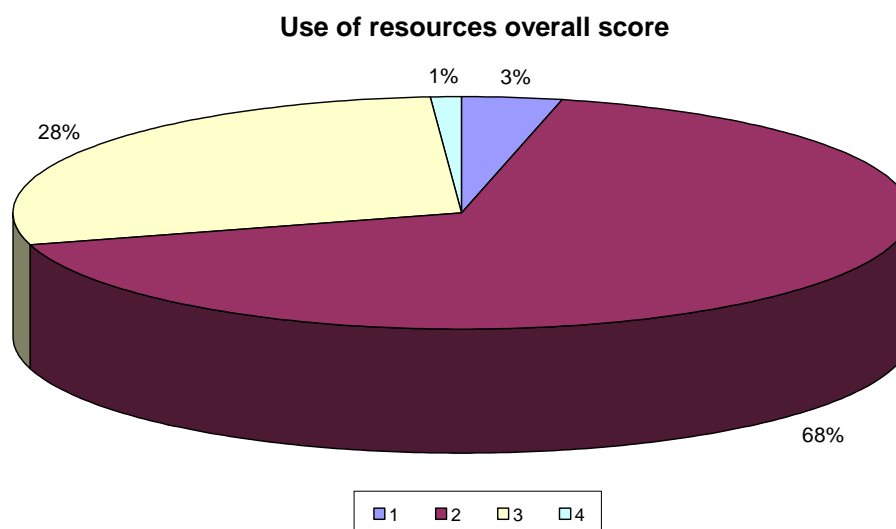
- 2.10 The results of our review, including our scored judgements, are set out in the following sections and an action plan of recommendations is included at Appendix 2.

### 3 Use of resources assessment

- 3.1 The Council has been assessed as **Level 2 – “performing adequately” overall**, having scored level 2 in each of the three themes of managing finances, governing the business and managing resources.

#### *Comparative data*

- 3.2 The pie chart below shows the overall distribution of use of resources scores based on the final scores published by the Audit Commission, to enable the Council to compare its performance against other Districts nationally.



#### **Managing finances**

- 3.3 Financial planning should be delivered through a robust planning process; it should cover the medium to long-term; and integrate capital, revenue and treasury management planning. The budget and financial plan should reflect the organisation’s key priorities and objectives for the year and the longer-term. The current focus on securing greater efficiencies and value for money means that it is essential that organisations understand what costs they incur in delivering their services and activities and the drivers that will influence and change these costs. Good financial and performance monitoring and reporting enables organisations to manage progress in delivering corporate priorities and services and in ensuring that resources are applied as intended.

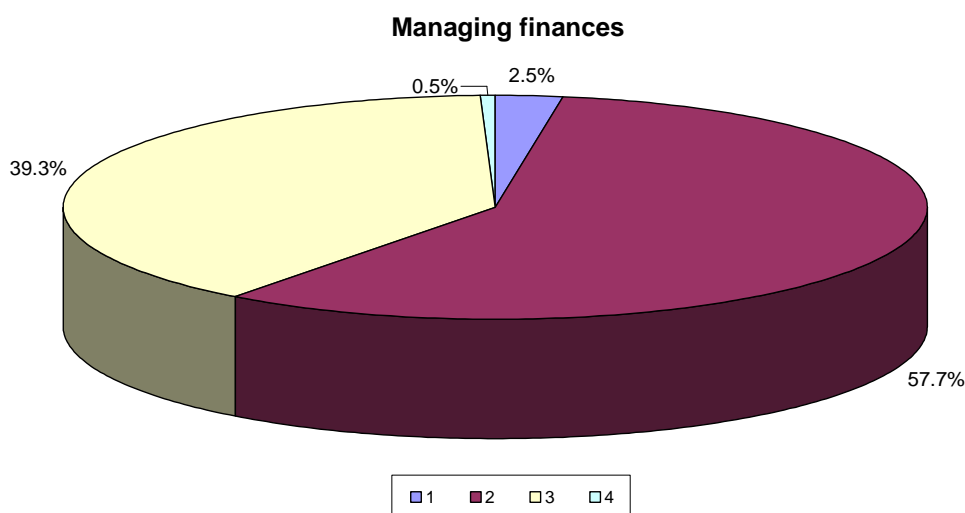
#### *Score awarded*

- 3.4 The managing finances theme has been assessed overall at **Level 2 – “performing adequately”**.

#### *Comparative data*

- 3.5 The pie chart below shows the overall distribution of use of resources scores based on the final scores published by the Audit Commission, to enable the Council to compare its performance against other Districts nationally.





## Planning for financial health

### KLOE 1.1: Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health?

- 3.6 This element of managing finances has been assessed at **Level 2** – “**performing adequately**”.
- 3.7 The Council has been able to demonstrate the development of an increasingly robust strategic planning framework that shows improving integration of its financial and corporate planning. This has impacted on the Council’s setting of key priority objectives alongside the setting of the budget and reflects the overall Council Plan and Local Area Agreement.
- 3.8 The Medium Term Financial Strategy includes all planned changes to services for the period of the strategy, reflecting significant areas of investment such as waste management and leisure provision. The Council has been able to demonstrate good examples of longer term financial planning resulting in some outcomes, such as the Housing Revenue Account business plan, which sets out the key housing priorities and actions for forthcoming years. The Council focuses very strongly on low council tax against geographical neighbours and its planned efficiencies follow this key driver.
- 3.9 The Council can demonstrate consultation with stakeholders, both generally and specifically in relation to the budget. The Council has conducted presentations on the budget process and proposals to groups such as the local Town Centre Partnerships, the Local Strategic Partnership Board and the Federation of Small Businesses. The Council has engaged with the County Council in respect of the funding arrangements for its waste management service.
- 3.10 The Council has a history of managing spending within resources and has increased its reserves in recent years. Council has considered the effect of the current financial climate and has committed to a number of measures to assist small businesses.
- 3.11 The Council has a well established process for budget monitoring and exception reporting through directorate management meetings, the Corporate Executive Forum and the Finance and Performance Management Cabinet Committee and Scrutiny Panel. Financial skills are developed through a regular programme of training on financial management for members and relevant non-finance staff.

## Development areas

- 3.12 The Council has been able to show improvement in its planning process but these improvements were being put in place during 2008/09 and had only begun to show an impact in relation to the 2009/10 planning process. The 2008/09 planning process did not demonstrate a comprehensive and co-ordinated approach and this has impacted on the score for this KLOE with the Council not being able to demonstrate clear improved outcomes in relation to its priorities. Importantly, during 2008/09, priority Council objectives were determined during the early part of the year in question. In a similar vein, the Council was not able to show how, in 2008/09, service plans demonstrated a comprehensive understanding of, and contribution to, the financial plans.
- 3.13 Although the Council can demonstrate consultation with stakeholders in relation to the budget and financial planning, it has not demonstrated that it has used effective engagement with stakeholders to inform resource allocation, in particular in relation to hard to reach groups.

## Key recommendations

- Demonstrate that the improved business planning arrangements resulted in a coherent link between financial, performance, workforce and service planning.
- Demonstrate a clearer link between consultation on financial planning and outcomes, i.e. that consultation directly informs the decision-making processes of the Council, by including, for example, ensuring that the consultation plan highlights the links to the corporate objectives and aims.
- Systematically involve partnerships and 'hard to reach' groups in consultation on financial planning.

## Understanding costs and achieving efficiencies

### KLOE 1.2: Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities?

- 3.14 This element of managing finances has been assessed at **Level 2 – “performing adequately”**.
- 3.15 The Council has put in place good foundations for the development of its understanding of costs and performance. This has been largely driven through the strategic review of value for money and the Council has demonstrated that it has an organised approach to using management information, with an understanding of cost and performance information shown in the consideration of individual service provision. A corporate 'Value For Money Review' has been undertaken in order to provide an analysis of information available from sources, including the cost and performance data published by the Audit Commission, with a view to concluding on the Council's provision of value for money.
- 3.16 The Council can demonstrate that it does have information on the key drivers that affect service costs and has produced the baseline assessment of its service performance and costs. The Council also utilises regular key performance indicators (KPIs) and cost monitoring. The Council can show where it uses financial information to support major policy and strategic decisions, such as the waste management service, where improved performance was reflected by rising costs; a 'just in time' approach when formulating maintenance programmes; and the procurement of a local development scheme. Within specific contracted services e.g. Waste Management and the Leisure Contract, members are provided with detailed information of the service providers' costs. Both contracts have monitoring boards that also receive details of performance against key performance indicators.

- 3.17 The Medium Term Financial Strategy (MTFS) sets out a 3-year efficiency savings target to bring the budget back into balance by 2012/13. Efficiency savings and opportunities are discussed and monitored at directorate management meetings. Significant savings of £0.5m have been realised through a management restructuring exercise over the last two years.

### **Development areas**

- 3.18 Although the Council has made significant progress in developing its baseline analysis of value for money information, the existing VFM Strategy has not yet had a significant impact on services. The importance of ensuring that this understanding of costs and performance is translated through to planning is supported by the Council's relative position in relation to the Audit Commission profiling data, which indicates that the Council is above average in comparison to other neighbours in relative overall expenditure per head (fifth highest of sixteen) and is second highest relative expenditure per head in street cleaning and waste collection.
- 3.19 In 2009/10 the service plans have begun to show consideration of value for money, costs and performance information, however this was not demonstrated during the 2008/09 planning process. The service plans have still not been able to demonstrate active use of this information to improve services, and there would appear to be less emphasis on the proactive use of cost and performance information in systematically assessing services.
- 3.20 Efficiency plans are in place and continue to be delivered with the Council being able to demonstrate how it has revisited plans based around the economic downturn. Nonetheless, as the opportunities to reduce costs become less, there needs to be a corresponding emphasis on reviewing the effectiveness of services alongside efficiency.

### **Key recommendations**

- Further develop the outcomes from the VFM strategy, the underlying benchmarking information and delivery of an action plan to demonstrate impact on achievement of its strategic objectives.
- Directly consider VFM analysis of costs and performance information within the service plans and use it to influence the identification of opportunities for improvement.
- Utilise the VFM Strategy to carry out a programme of value for money reviews with an equal emphasis on effectiveness of services as well as the efficiency of services. This should entail performance information being used in conjunction with cost analysis.

### **Financial reporting**

**KLOE 1.3: Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people?**

- 3.21 This element of managing finances has been assessed at **Level 2 – “performing adequately”**.
- 3.22 Financial management and reporting arrangements are sound overall but could be improved through the inclusion of forecasts within the financial monitoring reports, which would aid decision making. These forecasts should be subjected to risk and sensitivity analysis and relevant trends extrapolated to show their impact on projected final outturn.
- 3.23 Separate financial and performance monitoring reports are presented at the same meetings and are considered to contain information that is relevant, of appropriate quality and presented in a way that meets the Committee's needs. There is also evidence to show that action is taken to improve performance. However, there is scope to improve the links between the performance monitoring information and the strategic objectives, which would make strategic decision making more effective.

- 3.24 The accounts were approved by Council on 30 June 2009, which was in line with the deadline. The Council have been proactive in raising technical queries prior to the closedown of the accounts and liaising with us regarding working paper requirements. The Council provided us with files of working papers and draft accounts on the first day of the audit. Improvements were noted with the quality of the working paper file provided this year, which led to a reduction in the number of audit queries. However, there is still further scope for improvement and this has been fully discussed with officers at the audit debrief meeting. Robust member scrutiny was evidenced at the Audit & Governance Committee.
- 3.25 At the time of this review, the 2007/08 signed accounts and the 2008/09 draft accounts were available on the Council's website, along with the annual audit and inspection letter. There is a Website Development Board in place, where accessibility is discussed. The Council had a website accessibility review during the year, which was carried out by Shaw Trust, a Disability Management Service. This review identified a number of areas for improvement but found that the website generally showed good accessibility.

### ***Development areas***

- 3.26 Budget holders receive business object reports on a monthly basis but there is no facility on the system to allow them to run their own monitoring and forecasting information, which would enhance ownership.
- 3.27 The financial performance of some partnerships is monitored but the arrangements should be extended to include regular review of all significant partnerships, linking to outputs. These results should be shared with partners.
- 3.28 At the time of review the Council had not published its e-Annual Report for 2008/09 on its website, and it remains unpublished at the time of reporting. Whilst a number of other reports are easily accessible on the Council's website, the timely publication of the e-Annual Report would underpin the Council's accountability to stakeholders for the proper stewardship and use of the Council's resources.
- 3.29 The Council seems further behind than other authorities in relation to their preparation for the implementation of International Financial Reporting Standards (IFRS). Key issues should be identified and an action plan should be developed to ensure timely production of the opening balance sheet.

### ***Key recommendations***

- Include forecast outturn information within budget monitoring reports in order to strengthen decision making. These forecasts should analyse and extrapolate relevant trends to show their impact on the projected final outturn and the forecasts should be subjected to risk and sensitivity analysis.
- Review the financial performance of all key partnerships, as determined by the Council, in relation to expected outcomes. This information should be shared with partners and results should be acted on.
- Link the performance indicators monitored by Members to the strategic objectives.
- Identify key issues in relation to IFRS and develop and implement an action plan to ensure timely production of the opening balance sheet.
- Prepare and publish the e-Annual Report on a more timely basis so that its content can be considered as part of this assessment.

## Governing the business

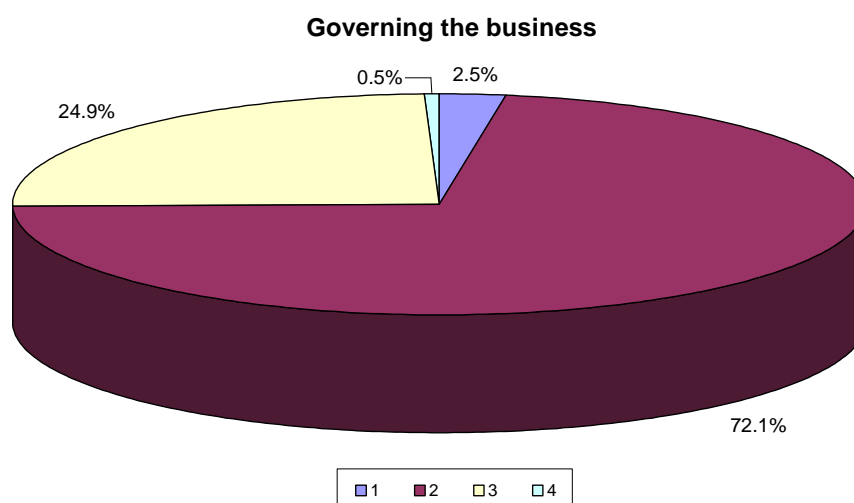
- 3.30 The Local Government and Public Involvement in Health Act 2007 introduced a clear focus on local public service partners working together to provide better outcomes for local communities. A key means of delivering these better outcomes is through effective commissioning, by assessing the needs of the local community, designing services, and then securing them through appropriate procurement processes. Information used in decision making should be based on good data quality. It is also important that there are proactive governance arrangements, and effective risk management and internal control systems in place.

### Score awarded

- 3.31 The governing the business theme has been assessed overall at **Level 2** or “performing adequately”.

### Comparative data

- 3.32 The pie chart below shows the overall distribution of use of resources scores based on the final scores published by the Audit Commission, to enable the Council to compare its performance against other Districts nationally.



## Commissioning and procurement

**KLOE 2.1: Does the organisation commission and procure quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money?**

- 3.33 This element of governing the business has been assessed at **Level 2** or “performing adequately”.
- 3.34 The Council can show that it has in place effective arrangements for commissioning and procurement through specific initiatives and through its engagement with stakeholders.
- 3.35 The Council has demonstrated its vision of outcomes through taking a proactive approach to the development of the Local Area Agreement (LAA) in order to ensure that it reflects relevant local priorities. The Council and the Local Strategic Partnership can evidence engagement in the development of the ‘Story of Place’, which informed the content of the LAA. Key priorities and indicators are reflected within the agreement, with targets to achieve priorities being delivered through the action plans.

- 3.36 The Council has developed its strategy to deliver a safer and a greener environment, and this is supported by a needs assessment and linked to the LAA. The Council can also evidence investments to improve equity of access and service through, for example, housing benefits, waste collections and access groups.
- 3.37 The Council can demonstrate outcomes from stakeholder engagement in commissioning, for example, the Special Action Group, which has led to crime reduction; and an improvement scheme in Waltham Abbey also demonstrates how residents have been involved in the procurement of improvements. The Council has also worked with neighbouring councils to jointly commission a strategic housing market assessment and operate joint choice based lettings.
- 3.38 In 2008/09, the council established an Overview & Scrutiny Task and Finish Panel to review customer service provision, covering access and reception facilities in the Civic Offices complex, the Council's website and the possible introduction of a Contact Centre. Through the introduction of the choice based lettings scheme, the Council has introduced ways in which applicants can express interest in council properties. This has been reviewed and was found to be successful.
- 3.39 The Council has recently appointed its own Procurement Officer and has a Procurement Strategy in place. The Council has participated in shared procurement services with the Essex Procurement Hub.
- 3.40 The Council has been able to demonstrate how it effectively reviews competitiveness and value for money. During 2008/09, the Council undertook an options appraisal for the future delivery of its Careline Service, including the continued provision of the service in-house and the provision by an external supplier. The Council has also engaged an outside organisation to review and benchmark its existing ICT service and strategy. The Council can also show how market testing led to the externalisation of the leisure management service and additional £1.5m capital investment by the contractor, resulting in efficiency savings.

### ***Development areas***

- 3.41 Although the Council can show consultation and involvement of partners on specific initiatives, there is scope for this to be more comprehensively applied across all aspects of the Council's business; to be demonstrated as influencing the Council's decision-making; and to be followed up as part of the ongoing planning framework.
- 3.42 There are a number of areas, particularly around customer service provision, where the Council is taking forward reviews or implementing action plans for improvement. During the year the Council had not yet been in a position to demonstrate impact from these reviews.
- 3.43 Although the Council can demonstrate specific examples of progress in the procurement of particular services, overall its strategic approach to procurement is in development. In particular the Procurement Strategy is not demonstrably influential on the achievement of procurement action plans and does not act as a focus on the Council's procurement objectives. The Procurement Strategy should be linked to the Council's existing VFM Strategy and should include analysis of cost and performance information. In addition, there is further scope for the Council to demonstrate that it has fully utilised the procurement opportunities presented by its participation in the Essex Procurement Hub.

### **Key recommendations**

- Develop a more structured and formalised approach to stakeholder engagement in key aspects of commissioning and procurement including ensuring that the capture of customer feedback is systematically considered for key services and linked to identified outcomes and that action is taken to address any issues identified.

- Review the Procurement Strategy to ensure that it proactively and systematically drives procurement initiatives. The Procurement Strategy should support the wider aims and objectives of the Council; demonstrate consideration of opportunities for collaborative procurement and joint-commissioning; and link to the delivery of the VFM Strategy.
- Incorporate into the Procurement Strategy the Council's approach to considering all opportunities for joint procurement and for utilising shared service arrangements of back office functions.

## Use of information

### KLOE 2.2: Does the organisation produce relevant and reliable data and information to support decision making and manage performance?

- 3.44 This element of governing the business has been assessed at **Level 2** or “**performing adequately**”.
- 3.45 The Council has sound arrangements for the production and use of data and management information. The Council has improved its overall performance management framework during 2008/09, although this will primarily impact on 2009/10. The Data Quality Strategy was revised and updated in year, to reflect previous audit recommendations. The Strategy review has actively reinforced the corporate commitment to the use and the provision of quality data and information and specifically resulted in improved arrangements for the checking and analysis of performance information.
- 3.46 The Council's corporate arrangements for ensuring data quality are well embedded within the authority, and ensure that all staff are aware of their responsibilities to ensure that data is accurate, valid, timely, relevant and complete.
- 3.47 Reports to the Cabinet and Overview and Scrutiny Committees are produced to a standard template, provide options for action and reflect relevant implications. Arrangements for the monitoring of the Council's performance have been developed in consultation with members, and focus on the adopted KPIs, progress against which is reported to the Finance and Performance Management Scrutiny Panel. In addition, the Scrutiny Panel and the Finance and Performance Management Cabinet Committee also receive quarterly financial monitoring reports. Performance against the Council's key priority objectives is monitored by the Cabinet on a six-monthly basis. Improvement Plans are developed for the each of the Council's KPIs, setting out actions to achieve target performance.
- 3.48 The Council has a good record in respect of data security, and had suffered no significant losses to date. Staff are provided with training and information on data protection and are informed of their responsibilities. The Council's procedures to ensure data security have been strengthened in order to comply with Government Connect Secure Extranet requirements.
- 3.49 Performance indicator spot checks were undertaken on five indicators for the 31 March 2009 year end and were selected based upon a risk assessment to inform our assessment of outcomes. All the indicators selected, bar one, were satisfactory and no significant data quality issues have been highlighted from the HBCOUNT work (benefits grant claim work on 80 cases) that were of sufficient magnitude to influence the scoring of this KLOE.

## Development areas

- 3.50 Whilst the Council has in place adequate data quality and security arrangements, there is scope for the Council to develop these further to ensure that they have impact and that they cover all elements of management information. Furthermore, there does not appear to have been sufficient emphasis on a framework for ensuring that key data quality messages are translated through to staff (and equally, how data quality issues identified at the operational level feed back up for strategic consideration).

- 3.51 The Council has relatively recently introduced arrangements for the alignment of its business, budget, workforce planning and development processes into a clear framework. We anticipate that will improve the use of information for decision-making and assist in driving the Council's measurement of achievement of its objectives.
- 3.52 Within individual projects the Council can demonstrate that it is aware of the main information threads that impact on its decision-making. However, the Council has not yet developed systems or protocols for identifying data quality issues in relation to partners. In order to fully manage data quality it is necessary to have an understanding of the risk that information provided by partners may not be accurate.
- 3.53 The spot check on the homeless indicator (LPI 11: Average number of single households placed in bed and breakfast accommodation) found that there was a lack of Council guidance on how the indicator should be calculated. In its absence staff were referring to s103 of the Housing Act but this may not be reporting the indicator in line with member expectations.

### Key recommendations

- Develop and implement a more formal framework for two-way communication of data quality issues that focuses on the staff most critical to data collection, input and reporting e.g. through the establishment of user groups.
- Improve the overall understanding of partners' data requirements and how these impact on the Council through identification of all significant information flows that impact on the decision-making of the Council and its partners, and agreement of protocols for ensuring the quality of data when it is supplied by a third party.

### Good governance

**KLOE 2.3: Does the organisation promote and demonstrate the principles and values of good governance?**

- 3.54 This element of governing the business has been assessed at **Level 2**, or “**performing adequately**”.
- 3.55 The Council's baseline arrangements for governance are sound and there were some areas of strength, such as the independent member attendance at the Audit and Governance Committee.
- 3.56 The Council has a vision in place and is committed to engaging with stakeholders, although there is scope for this to be strengthened. The vision has been translated into the strategic priorities which drive the organisation.

### Development areas

- 3.57 Members receive training throughout the year and are able to feed into the training programme. However, there is no clear definition of what skills and knowledge might be expected for members of particular committees, to equip them to make informed training needs self assessments. Also, the Council's members do not have individual personal development plans in place, which is a level 3 performance characteristic.
- 3.58 The ethical agenda could be improved by providing specific ethics training to members and officers and by communicating the progress made in developing the ethical environment to stakeholders and to local people and communities.
- 3.59 Internal Audit undertook a Partnership Governance audit during 2008/09 and found that whilst protocols are in place, the arrangements need to be expanded to make more explicit the links with the Council's key aims and objectives.



## Key recommendations

- Develop a Committee competencies framework to assist with the identification of skills gaps against which members of particular committees can assess their training needs and introduce Personal Development Plans for individual members that are informed by independent assessment processes (for example 360 degree feedback).
- Undertake a comprehensive evaluation of the effectiveness of key partnerships, in relation to the delivery of the Council's priorities and objectives. This review should focus not only on governance arrangements but also on the effectiveness of the partnerships in delivering value for money. This should be reported to Council, or an alternative committee.
- Provide specific ethics training in the year to members and officers and demonstrate the importance of the ethical agenda by securing high attendance by members.
- Communicate any developments in the ethical agenda to stakeholders, local people and communities.

## Risk management and internal control

### KLOE 2.4: Does the organisation manage its risks and maintain a sound system of internal control?

- 3.60 This element of governing the business has been assessed at **Level 2**, or “**performing adequately**”.
- 3.61 The Council demonstrated that there was a commitment to proper risk management, with risks being linked to strategic objectives, assessed for likelihood and impact and actions assigned to the relevant Director and Portfolio holder. The risk register includes a risk surrounding the failure of key partnerships. However, there are a number of key areas referred to below that will need to be addressed before achievement of Level 3 can be considered.

## Development areas

- 3.62 The Council updated its Anti-Fraud Strategy in the year, which sets out methods of deterrence and a plainer English version is sent to all staff. However, the strategy should be updated to link to the Council's strategic objectives and should describe outcomes against which to evaluate its effectiveness. This evaluation should be undertaken on a regular basis and action taken as a result of any weaknesses identified.
- 3.63 The Business Continuity Plan is in place but the Council had not robustly tested its effectiveness during 2008/09.
- 3.64 The Council is not currently gathering assurances, based on risk to the delivery of key services, of the viability of its significant contractors' and partners' business continuity plans. Obtaining such information would enable the Council to satisfy itself of the adequacy of significant internal control arrangements operated on its behalf and request action and update its own risk register to reflect any areas where assurances cannot be gained

## Key recommendations

- Develop partnership risk management arrangements to ensure that they cover setting priorities, policy making, financial planning and performance management. This should involve the development, and routine review, of joint risk registers for key partnerships.
- Rigorously test the Council's Business Continuity Plan, at least annually, and develop mechanisms to gather assurances over the viability of the business continuity plans of key service delivery partners.

- Link the anti-fraud strategy to the Council's strategic objectives and define outcomes against which to evaluate its effectiveness. This evaluation should be undertaken at least annually and action taken to address any weaknesses identified.

## Managing resources

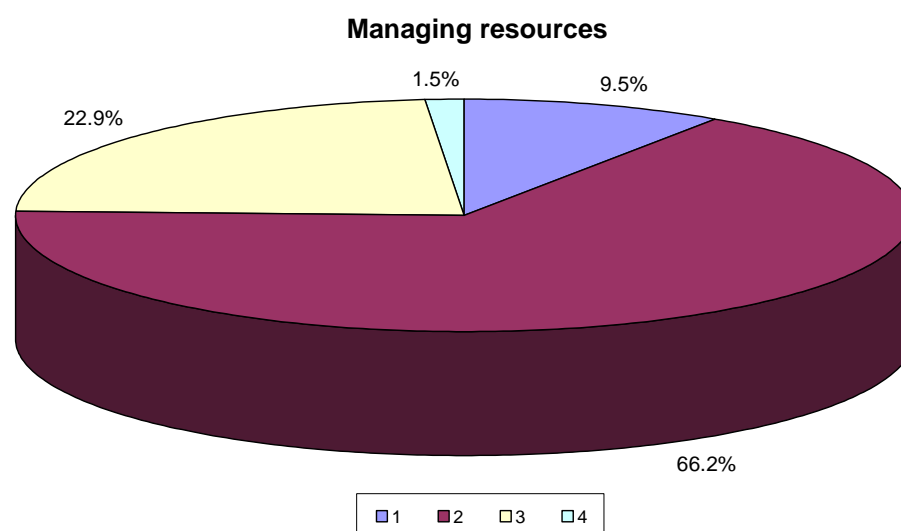
- 3.65 Effective management of natural resources, assets and people is essential for providing value for money, enhancing public services and delivering wider economic, environmental and social outcomes for local communities. Councils can make a significant contribution to achieving sustainable development by reducing their consumption of natural resources. Good asset management is necessary to ensure that assets are sustainable and fit for purpose and involves the organisation disposing of assets it doesn't need; maintaining, rationalising and developing the assets it keeps; and acquiring and building the assets it needs. To make the most of their resources and to improve residents' satisfaction, Local Authorities need to ensure they have the right staff with the right skills and commitment to achieving the organisation's strategic objectives.

### Score awarded

- 3.66 The managing resources theme has been assessed overall at **Level 2** or "performing adequately".

### Comparative data

- 3.67 The pie chart below shows the overall distribution of use of resources scores based on the final scores published by the Audit Commission, to enable the Council to compare its performance against other Districts nationally.



## Natural resources

### KLOE 3.1: Is the organisation making effective use of natural resources?

- 3.68 This key line of enquiry was not assessed for District Council's in 2008/09 under the Audit Commission's annual work programme and fees document. It will be included in the 2009/10 assessment.

## Strategic asset management

### KLOE 3.2: Does the organisation manage its assets effectively to help deliver its strategic priorities and service needs?

- 3.69 This key line of enquiry was not assessed for District Council's in 2008/09 under the Audit Commission's annual work programme and fees document. It will be included in the 2010/11 assessment.

## Workforce

### KLOE 3.3: Does the organisation plan, organise and develop its workforce effectively to support the achievement of its strategic priorities?

- 3.70 This element of governing the business has been assessed at **Level 2** or “**performing adequately**”.
- 3.71 The Council has demonstrated that it recognises the threats and opportunities presented by workforce planning and is actively seeking to address these. In particular, it has continued to develop its approach to leadership and management development. This has resulted in the Council embedding a strong and meaningful leadership identification and development programme, aimed at identifying the next tier of management and bringing them forward. This approach stands out in aiming to improve the organisation, with potential leaders conducting project reviews/reporting and this has demonstrated outcomes in successful promotion.
- 3.72 The Council's performance review process is being developed as part of its new arrangements for the alignment of its business, budget and workforce planning. The Council is aware of the workforce challenges it faces, for example around the high-level skilled jobs; close proximity to London. Workforce planning was in evidence for some key services e.g. planning where structures were put in place to address skill and resource gaps although this was not comprehensive.
- 3.73 The appraisal process is demonstrably effective, linked to training and leadership development and is subject to review aimed at quality. The Council has also made progress in ongoing work with partnerships to develop a county-wide approach to succession planning, including the development of a set of practical tools. The Council has made use of a Succession Planning Guide and the Zurich Talent Book approach to help identify suitable candidates for its own management development programmes and utilised the Essex Leadership Centre. This work continues through the directorate workforce development plans during 2009 and aims to ensure a pool of capable managers able to follow resources.
- 3.74 The Council can demonstrate that it obtains feedback from its employees on a range of issues. Employee surveys have been carried out at the end of 2007/08 and ad-hoc surveys in 2008/09. Regular ‘Updates’ are sent to managers to inform them about relevant policies and changes to legislation. Staff at all levels were consulted throughout the management restructure in 2008, and coaching was offered to employees to support them through changes such as promotion, moving to a different directorate and taking on different responsibilities.
- 3.75 A Dignity at Work programme has been developed and a mandatory diversity awareness training programme has been introduced for staff, to ensure that awareness is raised of the broader aspects of diversity, such as the ongoing gypsy and traveller site provision consultation for the district. The Council received funding to run a series of diversity training events. The sessions are now being shared with members to support them in dealing with local diversity. Equalities Impact Assessments have been carried out on all aspects of the Council's procedures.

### ***Development areas***

- 3.76 Although it is recognised that the Council exhibits a number of notable strengths in its management of workforce, there are a number of areas that need to be consolidated before a Level 3 can be achieved.
- 3.77 The Council's Workforce Development Plan, including some consideration of demographics etc. was developed in 2005/06 and requires updating. The focus (due to the management restructure) has been primarily on management numbers and skills and, consequently, service plans for 2008/09 did not reflect consideration of detailed workforce planning. The Council is working on development of an updated workforce plan and service planning for 2009/10 reflects baseline understanding of staff profiles, needs and skill gaps.
- 3.78 Sickness absence continues to be a challenging area but the Council has developed robust action plans to tackle an increase in 2008/09. The Council has also developed a strong appraisal process but it needs to develop this further in order to clearly demonstrate an analysis of productivity combined with management information.
- 3.79 Diversity training has been developed during the year and the Council achieved Level 2 on the Equalities Standard. However, there is further work to do in order to secure further improvement towards the Government's enhanced equalities standard for local government and to demonstrate that the diversity training has had an impact.

### **Key recommendations**

- Update the Workforce Development plan to ensure that it reflects the strategic objectives of the Council and an understanding of workforce information, including current staffing and capacity, skills, gaps, vacancies and profiles.
- Demonstrate that staff productivity is reviewed, beyond the appraisal process. This may include using benchmarking of staff costs or analysis of outputs.
- Evidence the effectiveness of the outcomes from management action to address the recent increase in sickness absence.
- Secure improvement against equality standards and impact of diversity initiatives.

## Appendix 1 – Specified KLOE for 2008/09 and 2009/10

Key Line of enquiry	Assessed in 2008/09	Assessed in 2009/10?
1.1 Planning for financial health	✓	✓
1.2 Understanding costs and achieving efficiencies	✓	✓
1.3 Financial reporting	✓	✓
2.1 Commissioning and procurement	✓	✓
2.2 Use of information	✓	✓
2.3 Good governance	✓	✓
2.4 Risk management and internal control	✓	✓
3.1 Natural resources	N/A	✓
3.2 Strategic asset management	N/A	N/A
3.3 Workforce	✓	N/A

N/A: Not scored in 2008/09

## Appendix 2 – Action plan

	Recommendations	Priority	Management response	Responsibility	Timing
<b>Managing finances</b>					
<b>KLOE 1.1: Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health?</b>					
R1	Demonstrate that the improved business planning arrangements resulted in a coherent link between financial, performance, workforce and service planning.	Medium	The Council has implemented arrangements for the alignment of its business, budget, and workforce planning and development processes into a clear framework to enable the authority to focus on priorities, improve performance and the way that performance is managed, and to improve communication and consultation on key priorities. These arrangements have been highlighted as an area of best practice by the Improvement and Development Agency. Proposed Key Performance Indicators (KPI) for 2010/11 have been considered by the Finance and Performance Management Scrutiny Panel and the Finance and Performance Management Cabinet Committee, linked to provisional targets based on third quarter performance for 2009/10. The Cabinet, Scrutiny Panel and Overview and Scrutiny Committee have also considered the Council's proposed Medium-Term Aims for 2010/11 to 2013/14, and Key Objectives for 2010/11, as part of the initial development of a new corporate plan for the next four years. The KPIs for 2010/11 have been linked to the Council's proposed Medium-Term Aims for 2010/11 to 2013/14, and an exercise is also currently being undertaken to link the KPIs to the Key Objectives for 2010/11, in order to provide focus on priority areas.	Chief Executive, Deputy Chief Executive	31 March 2010 (Completed)

	Recommendations	Priority	Management response	Responsibility	Timing
R2	Demonstrate a clearer link between consultation on financial planning and outcomes, i.e. that consultation directly informs the decision-making processes of the Council, by including, for example, ensuring that the consultation plan highlights the linkages to the corporate objectives and aims.	Medium	<p>The Council undertakes consultation in respect of financial planning, which directly informs the decision-making process. For 2009/10, this approach was best illustrated in relation to the development of the budget for 2010/11 and the engagement entered into with the Federation of Small Businesses that led to the authority's car parking charges being frozen for a second year.</p> <p>The Council produces an annual Housing Revenue Account (HRA) Business Plan, supported by a thirty-year financial plan, and detailing specific housing objectives, key priorities and performance. The district-wide Epping Forest Tenants and Leaseholders Federation is consulted each year in respect of the draft HRA Business Plan, and the views of the Federation are taken into account and incorporated within the final version of the Business Plan.</p> <p>A 'Consultation Undertaken' section is included in all reports made to the Cabinet and other committees, which identifies the results and outcomes of any consultation undertaken in respect of specific proposed decisions or courses of action.</p> <p>The Finance and Performance Management Scrutiny Panel is responsible for developing arrangements to directly engage the community in shaping services to make them more responsive to local need, and this recommendation will be addressed through the consideration of the Council's annual Consultation Plan in early 2010/11.</p>	Chief Executive, Deputy Chief Executive	30 September 2010

	Recommendations	Priority	Management response	Responsibility	Timing
R3	Systematically involve partnerships and 'hard to reach' groups in consultation on financial planning.	Medium	<p>The Use of Resources report for 2009/10 was not received in time for the Council to consider this recommendation in terms of the setting of the authority's budget for 2010/11 This recommendation will therefore be considered on a corporate basis as part of the 2011/12 budget setting process.</p> <p>The Local Strategic Partnership, 'One Epping Forest', has considered initial proposals for the development of a Citizen's Panel jointly with the Council, to improve the involvement of 'hard to reach' and other groups in consultation on service development, the use of which would involve consultation in respect of the financial issues of service planning .</p> <p>The Epping Forest District Tenants and Leaseholders Federation includes representatives from a range of 'hard to reach' groups. The Federation is consulted in respect of the draft Housing Revenue Account Business Plan and financial plan each year, and in relation to new housing service policies.</p>	Deputy Chief Executive, Director of Finance and ICT	31 December 2010
<b>KLOE 1.2: Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities?</b>					
R4	Further develop the outcomes from the VFM strategy, the underlying benchmarking information and delivery of an action plan to demonstrate impact on achievement of its strategic objectives.	High	<p>The Value For Money Strategy is reviewed on an annual basis, and was last reviewed in 2008/09. The corporate 'Value For Money Review' undertaken in July 2008 is updated on an annual basis though a Cost and Performance Benchmarking Analysis, in order to provide an ongoing understanding of the relationship between costs and performance. The Cost and Performance Benchmarking Analysis is based on information published by the Audit Commission through its online 'VFM Profile' tool, although the Commission has yet (March 2010) to publish comparative cost and performance data for 2008/09. A further review of the Value For Money Strategy will be undertaken by the Use of Resources Working Party early in 2010/11.</p>	Use of Resources Working Party	30 June 2010



	Recommendations	Priority	Management response	Responsibility	Timing
R5	Directly consider VFM analysis of costs and performance information within the service plans and use it to influence the identification of opportunities for improvement.	Medium	<p>A Value For Money (VFM) Position Statement is required to be included in all annual Directorate Business Plans. The Audit Commission's 'Value For Money Profile' tool is used to inform this assessment, alongside other appropriate benchmark or comparison information. The VFM position statement provides a general indication of whether current costs are commensurate with the overall quality of service provided, taking into consideration the context of the district, and assess the impact (positive or negative) of actions to reduce cost and increase efficiency . All annual Directorate Business Plans are also required to reflect performance against national, local and other performance indicators, in order to aid the identification of further opportunities for improvement.</p> <p>The corporate 'Value For Money Review' undertaken in July 2008 is updated on an annual basis through a Cost and Performance Benchmarking Analysis, in order to provide an ongoing understanding of the relationship between costs and performance. This process is now firmly established as part of the Council's planning arrangements, and involves members' in the identification of opportunities for improvement.</p>	Service Directors	30 September 2010

	Recommendations	Priority	Management response	Responsibility	Timing
R6	Utilise the VFM Strategy to carry out a programme of value for money reviews with an equal emphasis on effectiveness of services as well as the efficiency of services. This should entail performance information being used in conjunction with cost analysis.	Medium	<p>The annual Cost and Performance Benchmarking Analysis examines and comments on the Council's costs and performance, as identified in the Audit Commission's 'Value For Money Profile' tool, to provide an initial indicator of the relationship between service costs and performance, and identify areas where further more detailed and targeted analysis may be required. The Cost and Performance Benchmarking Analysis is considered on an annual basis by a sub-group of the Finance and Performance Management Scrutiny Panel, although the Audit Commission has yet (March 2010) to publish comparative cost and performance data for 2008/09. This process has not previously identified the need to establish a formal programme of 'value for money reviews', although this issue will be addressed by the Use of Resources Working Party as part of the development of the Cost and Performance Benchmarking Analysis for 2008/09, in early 2010/11.</p> <p>The Council's is formally reviewing a number of service areas during 2009/10 and 2010/11 from a value for money perspective, in terms of the effectiveness and efficiency of services. A member sub-group has been established to progress these reviews.</p>	Use of Resources Working Party	30 September 2010
<b>KLOE 1.3: Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people?</b>					
R7	Include forecast outturn information within budget monitoring reports in order to strengthen decision making. These forecasts should analyse and extrapolate relevant trends to show their impact on the projected final outturn and the forecasts should be subjected to risk and sensitivity analysis.	Medium	The full implementation of this recommendation would require the allocation of additional resources, and cannot currently be justified in Value for Money terms. However, the current format of the Council's budget monitoring reports will be reviewed during early 2010/11, in order to identify opportunities for effective enhancements that could be implemented to strengthen decision making.	Director of Finance and ICT	30 June 2010

	Recommendations	Priority	Management response	Responsibility	Timing
R8	Review the financial performance of all key partnerships, as determined by the Council, in relation to expected outcomes. This information should be shared with partners and results should be acted on.	Medium	The Council will develop arrangements for the identification of all of its 'key' partnerships. The development of arrangements for the review of the financial performance of all of the Council's key partnerships will be taken forward with the Local Strategic Partnership, 'One Epping Forest', where possible during 2010/11.	Deputy Chief Executive	31 December 2010
R9	Link the performance indicators monitored by Members to the strategic objectives.	Medium	The Council's proposed Key Performance Indicators (KPI) for 2010/11 have been considered by both the Finance and Performance Management Scrutiny Panel and the Finance and Performance Management Cabinet Committee. The proposed KPIs have been linked to the Council's proposed Medium-Term Aims for 2010/11 to 2013/14, and an exercise is also currently being undertaken to link the KPIs to the Council's Key Objectives for 2010/11, in order to provide focus on priority areas.	Deputy Chief Executive	31 March 2010 (Completed)
R10	Identify key issues in relation to IFRS and develop and implement an action plan to ensure timely production of the opening balance sheet.	Medium	Key issues in relation to IFRS have been identified, and the Council has engaged in ongoing dialogue with its external auditors on the treatment of complex items. Relevant officers of the Finance and ICT Directorate have attended appropriate high-level conferences and seminars in relation to the forthcoming introduction of IFRS.	Director of Finance and ICT	30 June 2010
R11	Prepare and publish the e-Annual Report on a more timely basis so that its content can be considered as part of this assessment.	Medium	It is intended that the Council's e-Annual Report for 2009/10 will be published as soon as possible after the end of the year.	Deputy Chief Executive	30 June 2010

	Recommendations	Priority	Management response	Responsibility	Timing
<b>Governing the business</b>					
<b>KLOE 2.1: Does the organisation commission and procure quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money?</b>					
R12	Develop a more structured and formalised approach to stakeholder engagement in key aspects of commissioning and procurement, including ensuring that the capture of customer feedback is systematically considered for key services, linked to identified outcomes and action is taken to address any issues identified.	Medium	<p>The Council currently undertakes stakeholder engagement in key aspects of the commissioning and procurement of services. Examples of this approach during 2009/10 included:</p> <ul style="list-style-type: none"> <li>the Broadway Town Centre Enhancement (TCE) Scheme at Loughton, which was completed under budget, with an agreement to further invest in CCTV facilities. The Scheme was delivered through a partnered shared risk/benefit contract which has resulted in the overall saving, and was designed and monitored by the TCE Focus Group;</li> <li>agreement to the negotiation of an early contract renewal with the Council's leisure management contractor, as well as providing capital to generate a revenue saving to support the proposed provision of a new sports hall at Waltham Abbey Swimming Pool;</li> <li>through engagement with the Federation of Small Businesses, the implementation of changes to the Council's procurement rules to support local businesses through the current economic climate;</li> <li>engagement with internal stakeholders has been increased through the Marketplace User Group and the Procurement Steering Group. These groups spread best practice throughout the Council, and encourage the take-up of corporate initiatives. Both of the groups held meetings on a quarterly basis throughout 2009/10;</li> </ul>	Service Directors, Deputy Chief Executive	30 September 2010

	Recommendations	Priority	Management response	Responsibility	Timing
			<p>(Continued)</p> <ul style="list-style-type: none"> <li>the Council has commenced a 'Repairs Refresh Programme', with the appointment of a specialist procurement consultant to assist in specifying the targets and responsibilities of the Repairs Management Contractor to be appointed to oversee the Building Maintenance Works Unit and Repairs Team. An advisory group, comprising representatives of the Tenants and Leaseholders Federation, has been fully involved in this process, through the development of contract specification and contractor short-listing and selection.</li> </ul> <p>The Council will undertake a review of its Consultation and Engagement Strategy during 2010/11, to ensure that a proportionate and structured approach is taken to stakeholder engagement in key aspects of service commissioning and procurement. The Council already ensures that the capture of customer feedback is systematically considered for key services, and that action is taken to address any issues identified.</p>		

	Recommendations	Priority	Management response	Responsibility	Timing
R13	Review the Procurement Strategy to ensure that it proactively and systematically drives procurement initiatives and to ensure that it supports the wider aims and objectives of the Council; demonstrates consideration of opportunities for collaborative procurement and joint-commissioning; and links to the delivery of the VFM Strategy.	High	<p>The Procurement Strategy has been revised and updated for the period 2009-2012. Since the adoption of the first Procurement Strategy in December 2006, a number of significant developments have occurred in the Council's procurement activities. Following the corporate restructure, a post with specific responsibility for corporate procurement has been created, which has provided better coordination and control to improve value for money. The 'Marketplace' User Group and the Procurement Steering Group disseminate best practice throughout the Council, and encourages take-up of corporate initiatives. Procurement issues are identified as a standing agenda item in all Directorate Management Team meetings, and a wide-range of procurement information is available on the Council's intranet.</p> <p>A spend analysis has been undertaken to ensure that Council-wide contracts are put in place for commonly purchased items, rather than individual directorates having separate contracts with separate suppliers. The review of the Procurement Strategy also illustrated that the current Strategy was too complex and overly bureaucratic for a Council of the size of Epping Forest. The revised strategy is more straightforward and practical, whilst still seeking to encompass best practice. A report on internal procurement work and the work of the Essex Procurement Hub, has been considered by the Finance and Performance Management Cabinet Committee.</p> <p>A collaborative procurement sponsored by the Regional Improvement and Efficiency Partnership, is currently being undertaken with eleven other authorities in respect of local authority insurance requirements. A collaborative approach to procurement is also demonstrated by the Council, working with Brentwood Borough Council and Uttlesford District Council, to enable the joint provision of a 'Young Parent' housing scheme, to which the three authorities will have equal nomination rights.</p>	Director Of Finance and ICT	31 March 2010 (Completed)

	Recommendations	Priority	Management response	Responsibility	Timing
R14	Incorporate into the Procurement Strategy the Council's approach to considering all opportunities for joint procurement and for utilising shared service arrangements of back office functions	Medium	<p>The Council's approach to considering opportunities for joint procurement, and for utilising shared service arrangements of back office functions, will be considered when the Procurement Strategy is next reviewed.</p> <p>The Council is giving appropriate consideration to participation in the shared services approach currently being developed by Essex County Council and, in partnership with Harlow and Uttlesford District Council's, has secured grant funding from the Regional Improvement and Efficiency Partnership to undertake a feasibility study into the provision of shared Building Control services for the three authorities.</p>	Director Of Finance and ICT	Next review of Procurement Strategy
<b>KLOE 2.2: Does the organisation produce relevant and reliable data and information to support decision making and manage performance?</b>					
R15	Develop and implement a more formal framework for two-way communication of data quality issues that focuses on the staff most critical to data collection, input and reporting e.g. through the establishment of user groups.	Medium	<p>The Council's Data Quality Strategy was thoroughly reviewed in October 2008, and endorsed by the Finance and Performance Management Scrutiny Panel in January 2009. The Strategy will shortly be reviewed for 2009/10. The Data Quality Strategy details the Council's quality assurance procedures (Performance Indicator Data Quality Standards), in respect of the collection of performance information for all Key Performance Indicators (National Indicators and Local Performance Indicators).</p> <p>All up to date definitions for National and Local Performance Indicators (including calculation and reporting requirements), are available in full through the 'Ten Performance Management' system. The Council will give consideration to the establishment of a user group for the 'Ten' system during 2010/11, in order to develop a formal framework for two-way communication of data quality issues in respect of performance indicators.</p>	Use of Resources Working Party, Deputy Chief Executive	30 June 2010

	Recommendations	Priority	Management response	Responsibility	Timing
R16	Improve the overall understanding of partners' data requirements and how these impact on the Council through identification of all significant information flows that impact on the decision-making of the Council and its partners and agreement of protocols for ensuring the quality of data when it is supplied by a third party.	Medium	<p>The Council is committed to developing data process understandings with its partners, though making demonstrable efforts to understand partners' data flows and data requirements, and will address this recommendation through the review of its data Quality Strategy for 2009/10.</p> <p>The Council will seek develop arrangements to improve its understanding of its partners' data requirements and how these impact on the authority. This will be taken forward with the Local Strategic Partnership, 'One Epping Forest', where possible during 2010/11.</p> <p>Reasonableness checks are undertaken where appropriate in relation to data provided by external parties for the purpose of reporting the Council's performance information. Service directors will be requested to ensure that arrangements for similar checks are in place in relation to external data utilised for other purposes.</p>	Deputy Chief Executive, Service Directors	31 December 2010
R17	Define the requirements for all local indicators.	Low	Definitions and calculation requirements for all local performance indicators were in place for 2009/10. These definitions and calculation requirements are accessible to all relevant officers through the 'Ten Performance Management' system. Definitions and calculation requirements for all local performance indicators for 2010/11 will be drawn to the attention of service directors and published on the 'Ten' system.	Deputy Chief Executive	31 March 2010 (Completed)



	Recommendations	Priority	Management response	Responsibility	Timing
<b>KLOE 2.3: Does the organisation promote and demonstrate the principles and values of good governance?</b>					
R18	Develop a Committee competencies framework to assist with the identification of skills gaps against which members of particular committees can assess their training needs.	Medium	The Council is at a preliminary stage in the delivery of a member competencies framework, and is currently working with the Improvement and Development Agency (IDeA) in this respect. IDeA have recently facilitated personal development interviews with a number of members, following which it is intended that an action plan will be developed for the Council to progress the improvement of its member training and development arrangements. A report on the outcome of this process was considered by the Constitution and Member Services Scrutiny Panel in March 2010.	Assistant to the Chief Executive	31 March 2011
R19	Introduce Personal Development Plans for individual members that are informed by independent assessment processes (for example 360 degree feedback).	Medium	The Council is committed to investing in learning and development for all its members, and recognises the contribution that such investment can make in supporting councillors in their role as community leaders and representatives. The Council is currently working with the Improvement and Development Agency (IDeA) in respect of its charter approach to member training and development, and the identification of member training needs. The IDeA have recently facilitated personal development interviews with a number of members, following which it is intended that an action plan will be developed for the Council to progress the improvement of its member training and development arrangements. It is anticipated that an increasing feature of the Council approach to member training and development will be more one to one support for members, which might also include individual mentoring.	Director of Corporate Support Services, Assistant to the Chief Executive	31 March 2011

	Recommendations	Priority	Management response	Responsibility	Timing
R20	Undertake a comprehensive evaluation of the effectiveness of key partnerships, in relation to the delivery of the Council's priorities and objectives. This review should focus not only on governance arrangements but also on the effectiveness of the partnerships in delivering value for money. This should be reported to Council, or an alternative committee.	Medium	<p>The Internal Audit Unit has reported to the Audit and Governance Committee in respect of the Council's protocol for external partnerships, and action is being taken to comply with the recommendations of the report. Service directors are developing systems to enable the effectiveness of individual partnerships to be evaluated, where the Council has a substantial involvement in terms of financial or staff resources. A corporate register of all Partnerships is to be developed, recording the level financial and other resources invested in each partnership arrangement.</p> <p>The annual report of the Local Strategic Partnership, 'One Epping Forest', seeks to evaluate the effectiveness of the partnership.</p>	Service Directors	30 September 2010
R21	Provide specific ethics training in the year to members and officers and demonstrate the importance of the ethical agenda by securing high attendance by members.	Medium	<p>The Council's member training programme for 2009/10 has not included training in the ethical framework, pending the publication by the government of a proposed revised code of member conduct. The latest indication is that the publication of the revised code has been delayed for the time being, and appropriate training will therefore resume in March/April 2010 and again following the forthcoming local/general elections. Issues relating to securing high attendance by members are being discussed with the Remuneration Panel and with Group Leaders. Further work on the review of the existing Planning Protocol is being undertaken in parallel with this exercise.</p> <p>Whilst not specifically promoted as 'ethics training', a range of information in respect of expected standards of behaviour is available to the Council's staff, including comprehensive guidance in respect of the acceptance of gifts and hospitality.</p>	Assistant to the Chief Executive	30 June 2010
R22	Communicate any developments in the ethical agenda to stakeholders, local people and communities.	Medium	The annual report of the Standards Committee is published on the Council's website, as part of the e-Annual Report. The aim of the annual report is to reflect issues that have arisen over the last year and likely future developments in the ethical agenda.	Assistant to the Chief Executive	30 June 2010

	Recommendations	Priority	Management response	Responsibility	Timing
<b>KLOE 2.4: Does the organisation manage its risks and maintain a sound system of internal control?</b>					
R23	Develop partnership risk management arrangements to ensure that they cover setting priorities, policy making, financial planning and performance management. This should involve routinely review of a joint risk register.	Medium	The development of partnership risk management and data quality arrangements, involving the routine review of a joint risk register, will be taken forward with the Local Strategic Partnership, 'One Epping Forest', during 2010/11.	Deputy Chief Executive, Director of Finance and ICT	31 December 2010
R24	Rigorously test the Council's Business Continuity Plan, at least annually, and develop mechanisms to gather assurances over the viability of the business continuity plans of key service delivery partners.	High	Business Continuity Plan testing is incorporated into the annual work programme for the Emergency Planning and Business Continuity Section. A complete review of business continuity planning across the authority has been agreed by the Corporate Executive Forum, and the first phase of this review will be completed by the end of July 2010. Subsequent phases are scheduled for completion during the first half of 2011. The business continuity arrangements of key service delivery partners will be included in the review.	Director Of Corporate Support Services	31 March 2011
R25	Link the anti-fraud strategy to the Council's strategic objectives and define outcomes against which to evaluate its effectiveness. This evaluation should be undertaken at least annually and action taken to address any weaknesses identified.	High	The effectiveness of the Council's Anti-Fraud Strategy will be reviewed early in 2010/11. The annual evaluation of the Anti-Fraud Strategy and the linking of the strategy to the Council's strategic objectives will be included in the audit plan and approved by the Audit and Governance Committee.	Chief internal Auditor	30 September 2010
<b>Managing resources</b>					
<b>KLOE 3.3: Does the organisation plan, organise and develop its workforce effectively to support the achievement of its strategic priorities?</b>					
R26	Update the Workforce Development plan to ensure that it reflects the strategic objectives of the Council and an understanding of workforce information, including current staffing and capacity, skills, gaps, vacancies and profiles.	High	The Council has established an appropriate officer group to progress this recommendation during 2010/11, and an action plan will be developed in relation to the updating of the Workforce Development Plan to ensure that it reflects the strategic objectives of the Council and an understanding of workforce information, including current staffing and capacity, skills, gaps, vacancies and profiles.	Director of Corporate Support Services	31 March 2011

	Recommendations	Priority	Management response	Responsibility	Timing
R27	Demonstrate that staff productivity is reviewed, beyond the appraisal process. This may include using benchmarking of staff costs or analysis of outputs.	Medium	The Council has established an appropriate officer group to progress this recommendation during 2010/11.	Director of Corporate Support Services	31 March 2011
R28	Evidence the effectiveness of the outcomes from management action to address the recent increase in sickness absence.	Medium	<p>The Council revised its Managing Absence Procedure during 2009/10, to provide a consistent approach for managers when dealing with short and long-term staff sickness absence. The Managing Absence Procedure was updated in light of issues raised during 'Managing Absence Myth Busting' sessions held during the year and recent case law. Changes to the Council's policy for managing absence cases include contact with staff on long-term absence, recording absence, Occupational Health referrals and challenging Occupational Health responses. The revised policy was considered by the Joint Consultative Committee and adopted by the Cabinet in November 2009.</p> <p>There has been a further improvement in levels of sickness absence for the year to 31 December 2009, and the Council's performance in this respect is currently third-best amongst benchmarked Essex local authorities. There has been an improvement of 1.85 days to the end of the third quarter of the year, compared with the same period in 2008/09. However, despite these improvements, overall absence is slightly above the trigger level of eight days. A number of long-term absence cases were resolved during the year, through a combination of ill-health retirements, dismissal on ill-health grounds or employees returning to work.</p> <p>The Council has agreed the establishment of an additional part-time human resources post, to focus on action to continue to reduce levels of sickness absence, and the provision of management and related data quality information.</p>	Director of Corporate Support Services	31 March 2010 (Completed)

	Recommendations	Priority	Management response	Responsibility	Timing
R29	Secure improvement against equality standards and impact of diversity initiatives.	Medium	A 'peer challenge' of the Council's equality performance is to be undertaken in early 2010, providing an opportunity for the identification of the Council's successes and future challenges as it progresses against the Equality Framework for Local Government. This process will consider what has been achieved, what the authority's challenges are, and the barriers that may hinder progress to embed equality and diversity throughout the organisation. The peer challenge process is essential to the establishment of the authority's base-line position, and the results will enable the development and prioritisation of appropriate action to take the Council forward against the Equality Framework. The Council has developed a comprehensive self-assessment of the impact of its equality initiatives, in preparation for the peer challenge process.	Deputy Chief Executive	31 March 2011