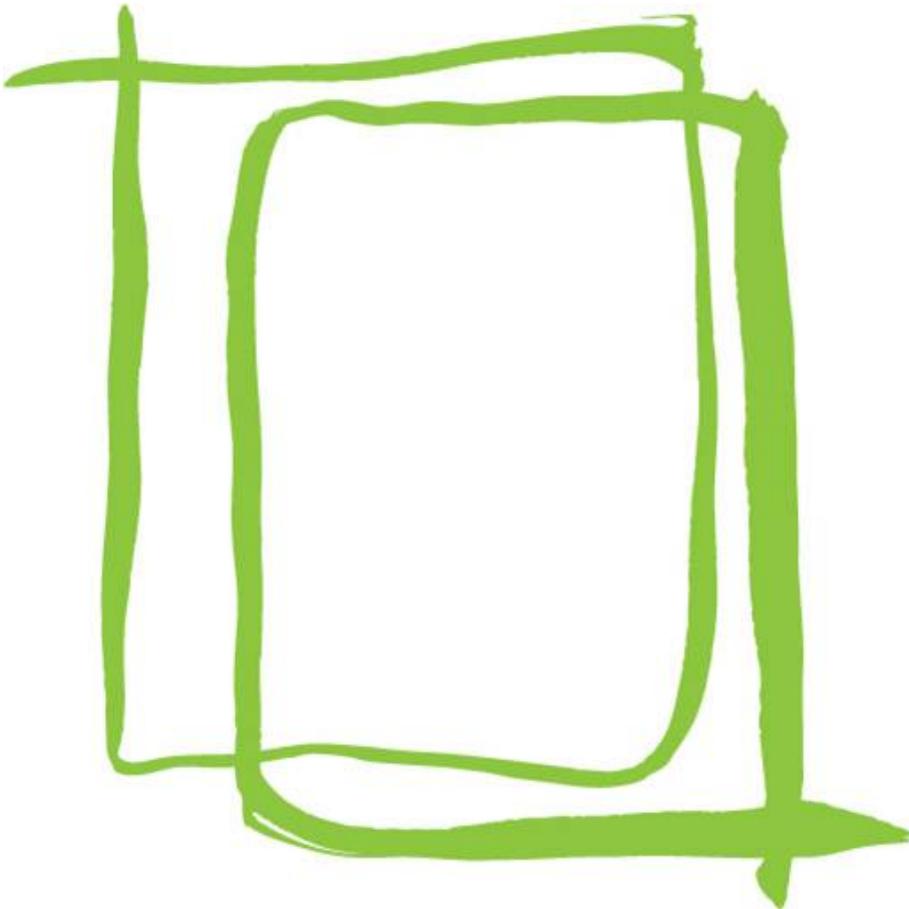


Use of Resources

Gateshead Metropolitan Borough Council

Audit 2008/09

January 2010



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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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Summary

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

- 1 Gateshead Council's overall use of resources score notified by the Audit Commission is level 3, exceeds minimum requirements – performs well.
- 2 The Council achieved a level 3 score for each of the three use of resources themes; managing finances, governing the business and managing resources. Within the detailed assessment of nine key lines of enquiry, there were seven level 3 scores and two level 2 scores (level 2 is meets only minimum requirements – performs adequately). The level 2 assessments were in respect of commissioning & procurement and asset management. In respect of commissioning and procurement, the Council has plans to make further improvements through its 'fit for future' programme, and in respect of asset management the Council is implementing a detailed action plan following our audit review of asset management.
- 3 Positive outcomes have been delivered across the Council, and examples include good progress on actions within the Gateshead Agreement and improvements in social care and educational attainment. The Council engages its local community and other stakeholders in the financial planning process. There has been significant consultation, particularly for Vision 2030, and community engagement is good. This has been reflected in the results of the recent Place survey.
- 4 The Council has a good record of efficiency improvement, achieving £25m of efficiency savings over the last three years which is £9.6m in excess of the Government's target. Savings have also been accompanied by service improvements.
- 5 However, the current economic climate is difficult and tight financial settlements can be expected in future. The challenge for the Council is to continue to identify savings and efficiencies, to refocus resources into priority areas, and generally deliver better outcomes for less resource input. Consequently, the delivery of the Council's major programmes, such as the 'fit for future' programme and the waste management partnership, and other measures such as improving asset management, will be critical to future success. Although the progress has been made, there is still the scope to bring about further significant outcomes. It is important in the current difficult economic climate that the Council also continues to invest in measures to improve its use of natural resources.
- 6 A summary of our findings against each theme are set out on the following pages, with more detail provided in Appendix 1.

Introduction

- 7 This report sets out my conclusions on how well Gateshead Council is managing and using its resources to deliver value for money and better and more sustainable outcomes for local people and give scored use of resources theme judgements.
- 8 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](#).

Use of resources framework

- 9 From 2008/09, the new use of resources assessment forms part of the [Comprehensive Area Assessment \(CAA\)](#) and comprises three themes that focus on:
- sound and strategic financial management;
 - strategic commissioning and good governance; and
 - the management of natural resources, assets and people.
- 10 The scores for each theme are based on the scores reached by auditors on underlying KLOE. The KLOE are generic and applicable equally to all organisations subject to use of resources judgements under CAA. This promotes consistency, demonstrating all organisations within a CAA area are treated consistently.
- 11 The Commission specifies in its [annual work programme and fees document](#), which KLOE are assessed over the coming years. Judgements have been made for each KLOE using the Commission's current four point scale as set out in Table 1.

Table 1 **Levels of performance**

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

Source: [use of resources framework: overall approach and KLOE document](#)

Use of resources judgements

Scored judgements

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

Table 2 Use of resources theme scores

| Use of resources theme | Scored judgements |
|--|-------------------|
| <p>Managing finances How effectively does the organisation manage its finances to deliver value for money?</p> | 3 |
| <p>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?</p> | 3 |
| <p>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?</p> | 3 |

Managing finances

- 13 The arrangements in place for managing finances, including robust financial planning linked to service planning processes, have contributed towards significant outcomes. These have been achieved across the Council, and examples include good progress on the actions within the Gateshead Agreement and improvements in social care and educational attainment. The Council is also planning to deliver further significant outcomes.
- 14 The Council engages its local community and other stakeholders in the financial planning process. There has been significant consultation, particularly for Vision 2030, and community engagement is good. This has been reflected in the results of the most recent Place survey.
- 15 The Council has a good record of efficiency improvement, achieving £25m of efficiency savings over the last three years, £9.6m in excess of the Government's target. Savings accompanied by service improvement include children and adolescent mental health services, learning disability services, day services for people with learning difficulties, recovery of benefits overpayments, reductions in costly independent fostering and out of borough placements for children.

- 16 Financial reporting arrangements are sound. Budget management is good and performance management has been further developed. The arrangements for producing the statutory financial statements are effective. Reporting to the public has improved, but there is scope for further development in this area.

Table 3 Managing finances scores

| Area | Score | Overall theme score |
|------------------------------|-------|---------------------|
| KLOE 1.1 Financial planning | 3 | Level 3 |
| KLOE 1.2 Understanding costs | 3 | |
| KLOE 1.3 Financial reporting | 3 | |

Governing the business

- 17 The arrangements for commissioning and procurement are sound, but there is scope for further development in this area. The Council has embarked on an ambitious 'fit for future' programme which is looking at innovative changes in commissioning. There are other challenges in, for example, realising the potential benefits of the waste management partnership.
- 18 The Council has good arrangements to ensure that its data is accurate, reliable and relevant, through its service planning and performance management framework, supported by clear guidance, templates and protocols. This includes the use of named 'experts' to support and challenge plans, performance, quality of information and an ongoing role for the corporate service improvement team and internal audit, working with designated staff throughout the council. Performance management training has been provided on a wide scale for staff and councillors. Good progress is being made in data sharing and development of shared performance management through effective partnership arrangements.
- 19 The Council has adopted, promoted and demonstrated the principles of good governance. There is a robust ethical framework and culture. In addition to the sound arrangements, there is no evidence of any governance failing. We have recently carried out a Good Governance survey of Members and officers and this reinforces the view that robust governance arrangements are in place.
- 20 Risk management is well developed and there is a good framework of internal control. There are arrangements in place to prevent and detect fraud and corruption and these appear to be operating effectively.

Use of resources judgements

Table 4 **Governing the business scores**

| Area | Score | Overall theme score |
|---|-------|---------------------|
| KLOE 2.1 Commissioning and procurement | 2 | Level 3 |
| KLOE 2.2 Data quality | 3 | |
| KLOE 2.3 Good governance | 3 | |
| KLOE 2.4 Risk management and internal control | 3 | |

Managing resources

- 21 This year's assessment of managing resource is based on the Council's arrangements for sustainability and asset management.
- 22 The Council has good information on energy use and carbon emissions and has set out baseline information and ambitious plans to reduce carbon emissions by 35% in the next five years. It has set out a five-year programme to achieve this and has already quantified the carbon and financial implications of actions to achieve two thirds of the target. There are examples of outcomes that have already been achieved, for example, the Council reused or recycled 97% of highways and building waste produced in 2008/09, it has reduced energy used by its transport fleet by purchasing fuel efficient vehicles and training drivers in fuel economy, it has increased biodiversity by creating some 300 hectares of new or improved habitats, including woodland from restored landfill, wetland from former agricultural land and a nature park from a former quarry. Further improvements are in progress or planned for the future.
- 23 The Council meets minimum requirements in its arrangements for asset management and we identified a number of areas for improvement. The Council has accepted our conclusions and agreed to make improvements.
- 24 There is a strategic approach to asset management and it is well integrated into corporate and service planning. Development of new and refurbished assets has played a significant role in service transformation. However, there was no strategic plan for the Council's assets as a whole and no up to date corporate asset management plan, though a more strategic plan is now in preparation. Assets are managed as a corporate resource and the Council is increasingly taking robust decisions about holding and disposal of assets. A review of office accommodation has been completed and this identified the potential to release a number of buildings. A systematic review of the Civic Centre has achieved significant improvements in space utilisation as part of a workspace strategy. Most assets are fit for purpose but there were deficiencies in some of the information held by the Council on its assets and this had had a negative impact on strategy development and performance management. Partnership arrangements to maximise on the development and utility of assets are widespread.

Table 5 Managing resources scores

| Area | Score | Overall theme score |
|---------------------------|------------------------|---------------------|
| KLOE 3.1 Sustainability | 3 | Level 3 |
| KLOE 3.2 Asset Management | 2 | |
| KLOE 3.3 Workforce | Not assessed this year | |

Detailed findings

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

Use of resources 2009/10

26 The key lines of enquiry specified for the assessment are set out in the Audit Commission's work programme and scales of fees 2009/10. My work on use of resources informs my 2009/10 value for money conclusion. In my letter of 28 April 2009 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 6 Initial risk assessment

| Risk | Planned work |
|--|--|
| 'Fit for future' programme – risk that the Council does not realise the improvements from new business models and changes in commissioning and procurement arrangements. | We will assess the Council's 'fit for future' programme, and comment on its implementation. |
| Community engagement and partnership arrangements – risk that these arrangements are not developed and improved. | We will review developments in community engagement and partnerships and provide feedback on improvements that are made. |
| Waste management partnership – risk that proposals are not developed and taken forward. | We will monitor the progress made to implement a new waste management solution. |
| New national indicator set – risk of not using the new indicators to drive improvements in outcomes. | We will review the ways in which the Council uses information to drive improvements in outcomes for local people. |
| Asset management – risk of not implementing the improvements recommended in previous audit work. | We will follow up the implementation of the action plan agreed following our review of asset management. |
| Sickness absence - risk of not implementing the improvements recommended in previous audit work. | We will follow up the implementation of the action plan agreed following our review of sickness absence. |
| International Financial Reporting Standards (IFRS) – risk of not making adequate preparations to implement IFRS. | We will maintain a dialogue with officers as the IFRS project is developed and implemented. |
| Treasury management – risks relating to deposits following the banking crisis. | We will review the arrangements to ensure that the Council's deposits are adequately protected. |

- 27 KLOE 3.3 - Workforce will be assessed for the first time for single tier and county councils in 2009/10. KLOE 3.1 - Natural resources will not be assessed for 2009/10.
- 28 I have not identified any additional risks in relation to my 2009/10 value for money conclusion.

Changes to the use of resources assessment for 2009/10

- 29 To provide certainty and clarity about the assessment framework in year 2, the Commission is making minimal change to it for 2009/10. In particular, it is making no changes to the KLOE, and it will only update the guidance to reflect statutory changes, changes in professional requirements, or to make it clearer. We will also take a more proportionate and risk based approach to use of resources. To that end the 2009/10 assessment will build on the work done to support the 2008/09 assessment, which established a baseline against which auditors will assess progress.
- 30 The Commission will publish examples of strong performance and outcomes to support learning for the 2009/10 assessment.
- 31 The Commission is currently undertaking a post-implementation review of use of resources which will consider the need for more substantial changes for the 2010/11 assessment. This will seek to maximise the impact of the assessment whilst ensuring a proportionate approach.
- 32 The Commission plans to phase bringing forward the timeline for auditors to complete their assessment so they complete most of their work by the end of the financial year to which the assessment relates. This is to reduce the overlap with the final accounts audit and smooth the workload to decrease the burden on auditors and audited bodies during September. For 2009/10, national quality assurance will start at the beginning of August, providing more opportunity for audited bodies to share any significant examples of outcomes identified after the area challenge than allowed for in 2008/09.

Table 7 Key timeline for the 2009/10 assessment

| Key stages | Deadline for single tier and county councils |
|---|--|
| Submission of indicative scores by the auditor, prior to area challenge process | by 21 April 2010 |
| Submission of final scores by the auditor | by 30 July 2010 |
| National Quality Assurance Process | by 27 August 2010 |

Appendix 1 – Use of resources key findings and conclusions

1 The following tables summarise the key findings and conclusions for each of the three use of resources themes. This is set out for each of the 10 KLOEs (only 9 applied in the 2008/09 assessment).

Table 8 Theme 1 - managing finances

| | |
|--|----------|
| Theme 1 score | 3 |
| KLOE 1.1 Financial planning score | 3 |
| Key findings and conclusions | |
| <p>The arrangements in place for managing finances, including robust financial planning linked to service planning processes, have contributed towards significant outcomes. These have been achieved across the Council, and examples include good progress on the indicators within the Gateshead Agreement and improvements in social care and educational attainment. Further significant outcomes are planned to be delivered.</p> <p>Integrates financial planning with strategic and service planning processes on a medium- to long-term basis</p> <ul style="list-style-type: none"> • Sound budgets and MTFs; financial and service plan integration much improved in recent years. Reserves quite high but strategy clearly set out. Efficiencies continue to be delivered, but good financial position historically means that Gateshead has experienced less enforced cuts in services than elsewhere. However, the current economic climate is difficult and tight financial settlements can be expected in future. The challenge for the Council is to continue to identify savings and efficiencies, to refocus resources into priority areas, and generally deliver better outcomes for less resource input. | |

| | |
|--|----------|
| KLOE 1.1 Financial planning score | 3 |
| Key findings and conclusions | |
| <p>Engages local communities and other stakeholders in the financial planning process</p> <ul style="list-style-type: none"> • There has been significant consultation, particularly for Vision 2030, and community engagement appears to be relatively strong. This has been reflected in the results in the most recent Place survey. Extensive budget consultation and experimentation with participatory budgeting. There is scope to extend participatory budgeting in future budget rounds. <p>Manages spending within available resources and is financially sound over the medium-term</p> <ul style="list-style-type: none"> • Budget management good. Reserves quite high but strategy clearly set out. Council performance is generally good, but finances tend to be considered separately from performance. Financial monitoring is effective, and performance monitoring is also sound. There is scope to make further improvements by drawing closer together financial and performance monitoring and providing a view on overall value for money. <p>Recognises individual and collective responsibilities for financial management and values and develops financial skills</p> <ul style="list-style-type: none"> • Financial governance good; sound system of internal control. Leadership good; Director of Finance and sits on Strategy Group, the top management team. Good accountancy function. Member scrutiny we have observed is good, but Members trust officers implicitly and do not always carry out 'robust' holding to account. Audit Committee considers a good range of information, including internal and external reports. | |
| KLOE 1.2 Understanding costs and achieving efficiencies score | 3 |
| Key findings and conclusions | |
| <p>The Council has a good understanding of its costs. It benchmarks costs on a wide scale basis and has analysed its costs and performance using the Audit Commission VFM profile for a number of years. It uses its analysis to challenge service provision and there are examples of improvements in value for money across the council. Examples of savings accompanied by service improvement include children and adolescent mental health services, learning disability services, day services for people with learning difficulties, recovery of benefits overpayments, reductions in costly independent fostering and out of borough placements for children and benchmarking within the partnership for delivering refurbishment of the Council's housing stock.</p> | |

Appendix 1 – Use of resources key findings and conclusions

| | |
|--|----------|
| KLOE 1.2 Understanding costs and achieving efficiencies score | 3 |
| Key findings and conclusions | |
| <p>Overall costs are medium to high but most services and outcomes are good. The Council has a very good understanding of the reasons for costs being above average, where this is the case. It has a good record of efficiency improvement, achieving £25.0 million of efficiency savings over the last three years; this is £9.6 million in excess of the Government’s target. An Efficiency and Value for Money Strategy has been put in place. The Council is taking steps to engage a wider range of staff in promoting and identifying efficiency improvements, particularly through efficiency champions across the council. It is also examining more far reaching changes through the ‘Fit for Purpose’ programme. The Council tracks closely unit costs in high cost and demand led services which are difficult to control. It includes whole life costing and option appraisal for all capital projects.</p> <p>Partnership working is good and there are many examples of delivery of more effective services as a result, but partnerships do not generally have a comprehensive understanding of the total resources at their disposal. However, the adult skills partnership is currently considering how the partners’ collective resources can best be deployed to ensure that individuals’ needs are met in a coherent way, with appropriate progression pathways open to them.</p> | |
| KLOE 1.3 Financial reporting score | 3 |
| Key findings and conclusions | |
| <p>Financial reporting arrangements are sound. Budget management is good and performance management has been further developed. The arrangements for producing the statutory financial statements are effective. Reporting to the public has improved, but there is scope for further development in this area.</p> <p>Produces relevant, timely and reliable financial monitoring and forecasting information.</p> <ul style="list-style-type: none"> • Good systems of monitoring and performance, including timeliness and accuracy. Good coverage by Internal Audit. Consistency of in year information (as far as is practical) with year end reporting. There is a history of very effective budget monitoring and control. Corrective action is taken to address any budget variances on a timely basis. The financial position is reviewed monthly by officers, including oversight by the Director of Finance, and there is quarterly monitoring by Members. | |

| | |
|---|---|
| KLOE 1.3 Financial reporting score | 3 |
| Key findings and conclusions | |
| <p>Uses financial and related performance information to monitor performance during the year and Produces financial reports that are clear, relevant and concise to support strategic decision making.</p> <ul style="list-style-type: none"> • Reports considering decisions do balance financial information and performance information, with consideration of all relevant factors relating to the decision. Reports are generally clear and concise. • Routine monitoring looks at financial and performance information separately – each is covered comprehensively though. As noted above, the financial position is reviewed monthly by officers, including oversight by the Director of Finance, and there is quarterly monitoring by Members. Performance is monitored on an ongoing basis through the management of business plan outcomes, with periodic reporting to Members including a detailed annual report on performance outcomes. There is scope to make further improvements by drawing closer together financial and performance monitoring and providing a view on overall value for money. <p>Prepares accounts that meet statutory requirements, financial reporting standards and present fairly, or give a true and fair view of, the financial performance and position.</p> <ul style="list-style-type: none"> • 2008/09 accounts unqualified with relatively few errors. The financial statements are comprehensive, well presented and compliant with SORP requirements. There has been a continuing dialogue with officers, and any emerging issues have generally been addressed by officers at an early stage; for example, fixed assets impairments. • The preparation of the accounts and the audit are managed through an Opinion Audit Protocol, which sets out audit requirements and a clear timetable. Consequently, the working papers prepared are exemplary, and are provided electronically. A sharepoint intranet site has been set up for dealing with auditor queries. This has been very effective in managing the audit process, and providing a clear trail to show how audit queries have been dealt with. | |

Appendix 1 – Use of resources key findings and conclusions

| | |
|--|----------|
| KLOE 1.3 Financial reporting score | 3 |
| Key findings and conclusions | |
| <p>Publishes reports that provide an objective, balanced and understandable assessment of the organisation’s performance in the year.</p> <ul style="list-style-type: none"> We previously recommended that the Council improve accessibility of financial information. There have been significant improvements in approach in response to these recommendations. The full financial statements and an informative set of summary accounts were posted on the Council’s website at the end of June. The Council has offered to provide either of these documents in either large print, Braille, audiotape/CD or in different languages to meet the diverse needs of the community. In addition, a summary of the financial position has been included in the Annual Report. This was included in Council News, a popular and effective council newspaper. This in turn is available in different formats (along with its other content). The Council has initiated a consultation on sustainability with the general public and with young people; this includes information on the Council’s carbon footprint. | |

Table 9 Theme 2 - governing the business

| | |
|--|----------|
| Theme 2 score | 3 |
| KLOE 2.1 Commissioning and procurement score | 2 |
| Key findings and conclusions | |
| <p>The arrangements for commissioning and procurement are sound, but there is scope for further development in this area. The Council has embarked on an ambitious ‘fit for future’ programme which is looking at innovative changes in commissioning. There are other challenges in, for example, the waste management partnership.</p> <p>The Council has many good processes in place and meets the criteria to achieve a score of 2. It does not yet attain a score of 3 because:</p> <ul style="list-style-type: none"> whilst it has begun to consider the way in which it commissions its services (via its new business modelling - Fit for Future), it is only at a preliminary stage and outcomes cannot yet be assessed; | |

| | |
|--|---|
| KLOE 2.1 Commissioning and procurement score | 2 |
| Key findings and conclusions | |
| <ul style="list-style-type: none"> • the Council is developing a new Commissioning and Procurement Strategy, but currently, this is at the consultation stage; • the Council has undertaken a 'gateway review' of its procurement function and it is proposed to undertake an internal review of procurement policies and the corporate procurement function. It is considering a form of centralisation/consolidation of the procurement function - again outcomes cannot be assessed at this time; • the Council's Corporate Procurement Service Plan (2009 - 2012) is not particularly clear in setting out effective aims/objectives/targets/deliverables; and • the Council has started to develop a Sustainable Development Procurement Policy and a Sustainable Construction Policy - but has some way to go before these can be implemented. <p>Clear Vision</p> <ul style="list-style-type: none"> • The Council has a clear strategy, with its appropriate partners, of the health, social care and other aspects of the local community - Vision 2030. This is underpinned by a wide range of strategies, policies and plans. These include The Gateshead Agreement, the Corporate Plan, the Community Development Strategy and the Gateshead Children's and Young People's Plan. <p>Extensive Involvement in Commissioning</p> <ul style="list-style-type: none"> • There is good evidence of the Council engaging with stakeholders / users eg. the Community Development Framework, Area Forums and Local Area Plans (5), the employment of "involvement officers" who engage with difficult to reach groups, consultation via MORI surveys, consultation on major projects such as Town Centre, Bridging Newcastle Gateshead, piloting of participatory budgeting (UP2U), listening to residents views on leisure before implementing a £30m investment in sports and leisure facilities within the Building an Active Future programme, consulting on the Children and Young People's Plan. • Improvement through service redesign <p>The Council has commenced a Fit for Future programme aimed at improving service delivery - but this is only at the development stage.</p> | |

Appendix 1 – Use of resources key findings and conclusions

| | |
|--|----------|
| KLOE 2.1 Commissioning and procurement score | 2 |
| Key findings and conclusions | |
| Understanding the Supply Market | |
| <ul style="list-style-type: none">• The Council's Corporate Procurement Service Plan (2009 - 2012) is not particularly clear in setting out effective aims/objectives/targets/deliverables.• The Council has undertaken a Procurement Gateway Review but needs to fulfil its proposals to undertake an internal review of procurement policies and the corporate procurement function in order to gain a better understanding of the supply markets. | |
| Evaluation of Procurement Options | |
| <ul style="list-style-type: none">• There is evidence that the Council gives appropriate consideration to key factors in evaluating its procurement options.• The Council has demonstrated a number of areas of collaborative procurement (Joint Waste Management Strategy, the Newcastle/ Gateshead Initiative, City Development Company).• There is evidence to show that the Council assesses sustainable development implications of its procurement practices. It has started to develop a Sustainable Development Procurement Policy and a Sustainable Construction Policy - but has some way to go before these can be fully implemented. | |
| Reviewing service competitiveness and achieving vfm | |
| <ul style="list-style-type: none">• The Council has started to develop a Fit for Future programme aimed at improving service delivery - but this is only at the development stage.• The Council can demonstrate some areas where commissioning and procurement have helped to improve economic prosperity eg. Gateshead Quays area (including Baltic, Sage etc), Housing Renewal Programme, Joint Waste Management Programme. This includes working with partners where appropriate. | |

| | |
|--|-----------------|
| <p>KLOE 2.2 Data quality and use of information score</p> | <p>3</p> |
| <p>Key findings and conclusions</p> | |
| <p>The Council has good arrangements to ensure that its data is accurate, reliable and relevant, through its service planning and performance management framework, supported by clear guidance, templates and protocols. This includes the use of named ‘experts’ to support and challenge plans, performance, quality of information and an ongoing role for the corporate service improvement team and internal audit, working with designated staff throughout the council. Performance management training has been provided on a wide scale for staff and councillors. Good progress is being made in data sharing and development of shared performance management through effective partnership arrangements.</p> <p>Performance reporting is effective, based upon the priorities and targets in Vision 2030, the Gateshead Agreement and the corporate plan. Reporting is timely, with comprehensive year end performance data reported to Overview & Scrutiny Committees and Cabinet by the end of June. This includes direction of travel arrows and a traffic light system for easy interpretation. However, performance and financial monitoring are not fully integrated. Decision making is supported by good quality information, for example a very thorough criteria-based evaluation, with external support, was undertaken to select a short list of potential partners for the proposed joint venture to develop 19 housing sites in the Borough.</p> <p>Gateshead Neighbourhood Vitality Index provides a view of the relative vitality/need across 85 neighbourhoods, incorporating data from a range of sources, including Council services, partners and external agencies, and organises these into six domains relating to crime, education, health, housing, income and unemployment. A range of profiles have been produced to provide easy to understand information, including area, ward and neighbourhood profiles. Information to support targeting of services on particular areas or diversity groups is good and there is consultation with a range of diversity groups. However, information relating to service usage on the basis of equality and diversity is limited.</p> <p>The Council has run five participatory budgeting (Up2U) events which have focused on several different areas of work including children and young people, environmental improvement and community cohesion. Feedback from participants has been very positive.</p> <p>The Council has appropriate arrangements to ensure data security including ISO27001 accreditation and Code of Connection compliance. The Council has analysed value for money benchmarking data for many years and undertakes benchmarking extensively. Detailed work by the Commission has identified some information gaps relating to asset management and public access to the benefits service.</p> | |

Appendix 1 – Use of resources key findings and conclusions

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| KLOE 2.2 Data quality and use of information score | 3 |
| Key findings and conclusions | |
| Data quality spot checks | |
| <p>Reviewed working papers, DQ checklists, APEX system records and interviewed relevant staff for sample of three National Indicators (NIs) which form part of LAA - 132, 155, 187. Reviewed Internal Audit records for NI 132 which had been one of sample of NIs they checked.</p> <p>Overall corporate arrangements are sound.</p> <p>Accountability clear at corporate and service levels, with designated data champions in each service, nominated officer for each NI and Head of Service responsibility. Performance monitoring is overseen by a specialist corporate team. Internal audit conduct an annual review, including checking sample of NIs, as well as including overview of DQ in all services audited. Comprehensive set of DQ checklists, guidance and working papers for all NIs. Reporting to Overview & Scrutiny Committees and Cabinet is comprehensive, including traffic light and direction of travel indicators for clarity.</p> <ul style="list-style-type: none">• NI 132: Timeliness of social care assessment (all adults) - No matters arising.• NI 155: Number of affordable homes delivered (gross) - No matters arising.• NI 187: Tackling fuel poverty - percentage of people receiving income based benefits living in homes with a low and high energy efficiency rating. <p>The guidance recommends an annual random telephone or postal sample survey of housing occupied by benefit recipients to secure a minimum of 400 responses; however, it also indicates that a Warm Zone database is an acceptable alternative. In Gateshead Warm Zone has been undertaking since January 2006 a complete survey of the entire Borough's housing stock over time, and as at 1 April 2008 had undertaken SAP ratings based on assessors' visits to homes of 14,400 benefit recipients. Clearly, this provides much more accurate data than a small and crude telephone or postal survey. The council is provided with data for individual properties as well as the data for calculation of NI 187. However, the Council has not subject the data to the same rigorous checks as internally derived data, but relies on Warmzone assurances that they have an effective quality system in place. The council is unable to state whether the benefit status of people surveyed in previous years was updated or why the denominator for the number of benefit recipients is updated only annually rather than progressively during the year. Risk of the data being inaccurate is therefore moderate.</p> | |

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|--|----------|
| KLOE 2.3 Good governance score | 3 |
| Key findings and conclusions | |
| <p>The Council has adopted, promoted and demonstrated the principles of good governance. There is a robust ethical framework and culture. In addition to the sound arrangements, there is no evidence of any governance failings. We have recently carried out a Good Governance survey of Members and officers and this reinforces the view that robust governance arrangements are in place. Our assessment of good governance is based on the following key factors.</p> <ul style="list-style-type: none"> ● A comprehensive constitution is in place which is reviewed and updated annually. ● Constructive working relationships between members, management and staff are evidenced by the attainment of the North East Charter for Elected Member Development, full induction programmes, the Member Support & Development Working Group, role descriptions and personal development plans. ● The Council's purpose and vision is comprehensively reflected in Gateshead's Strategic Partnership document Vision 2030, which is supported by the Corporate Development Plan and the Gateshead Agreement. ● The Council demonstrates its open, outward facing culture reflecting the needs of the local community by making its agendas and papers available on its website, holding area forums in local communities and having particularly good member/senior officer working relationships; the Cabinet portfolios are split 50/50 between themed and area portfolios which is innovative. ● An effective ethical framework and culture are demonstrated by member/officer codes of conduct, registers of interests, gifts and hospitality, a code of governance, a good Standards Committee, effective and easily accessible procedures for both whistle blowing and complaints as well as a confidential reporting code, well attended training programmes. ● Good partnership governance is reflected in the Gateshead's Strategic Partnership including a GSP handbook and effective procedures for ensuring that governance arrangements are effective in the major projects/partnerships. <p>In addition to the evidence of comprehensive arrangements, there is no evidence of any significant failings in the governance framework.</p> | |

Appendix 1 – Use of resources key findings and conclusions

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| KLOE 2.4 Risk management and internal control score | 3 |
| Key findings and conclusions | |
| <p>Risk management is well developed and there is an effective framework of internal control. There are arrangements in place to prevent and detect fraud and corruption and these appear to be operating well.</p> <p>Risk Management</p> <ul style="list-style-type: none">• The Council has built on the good score it achieved in last year's UoR assessment for risk management. The Council has good arrangements in place. There are still some areas that the Council could improve. These are:<ul style="list-style-type: none">– obtain member approval for the updated strategic risk register;– develop and implement suitable risk management performance indicators;– develop a mechanism to ensure that the evaluation process for partners' business continuity plans is being applied consistently;– revisit decision making reports, to ensure that the process for linking risk management issues and sustainability is being properly carried out;– a comprehensive fraud and corruption policy is in place which is linked to the Council's strategic objectives. A recent review of these arrangements has been carried out by Internal Audit;– the Council has a strong proactive counter fraud culture which is evidenced by a programme of anti-fraud work carried out by Internal Audit and a policy of applying sanctions and recovering losses where fraud and corruption is proven. It also has a fraud response plan in place. All potential cases of fraud and corruption are investigated by trained audit staff and benefits fraud investigations are carried out fully in accordance with legislation. All successful cases of proven fraud / corruption are widely publicised;– effective employee checks are undertaken and the Council actively participates in NFI;– the Council has a money laundering policy in place and has delivered training on this to key staff;– the Council participates in CIPFA benchmarking which includes questions on fraud and corruption;– the Council shares intelligence with appropriate partner organisations; and– effective arrangements exist covering fraud and corruption arrangements for the Council's partnerships. | |

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| KLOE 2.4 Risk management and internal control score | 3 |
| Key findings and conclusions | |
| <p>Internal Control</p> <ul style="list-style-type: none"> • An effective internal control environment has been built up in recent years. This was evidenced by the many positive outcomes arising from our recent review of the internal audit function against the CIPFA standards. The following key factors are particularly relevant: <ul style="list-style-type: none"> – a strong Audit Committee which works alongside an officers' Internal Control Group. These form an effective core of the Council's framework of assurance; – standing orders and standing financial instructions are contained within the Council's Constitution; – effective arrangements exist for the compilation of the Annual Governance Statement including the completion of Managers' Assurance Statements by all service heads; and – comprehensive business continuity plans are in place and are subject to testing. The plans of significant contractors and partners are reviewed by Council officers. <p>In addition to the evidence of effective arrangements, there is no evidence of any significant failings resulting from any weaknesses in risk management, counter fraud and corruption arrangements or internal control failings.</p> | |

Appendix 1 – Use of resources key findings and conclusions

Table 10 Theme 3 - managing resources

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| Theme score | 3 |
| KLOE 3.1 Use of natural resources score | 3 |
| Key findings and conclusions | |
| <p>During 2008/09 the Council agreed a carbon management programme and calculated its current carbon emissions at 33,198 tonnes per annum. This baseline includes CO2 emissions from the Council's buildings and business miles, and emissions from the vehicle fleet. This baseline will be used to measure progress in reducing the Council's carbon emissions. The plan suggests a target of 35 per cent reduction in carbon emissions over the next five years with an aspiration of 40 per cent (The average target for other Local Authorities in this phase of the Local Authority Carbon Management programme is 30 per cent). If the Council achieves this 35 per cent target it will result in cumulative savings on £13.5m over the next five years.</p> <p>Thirty eight projects have been initially identified which are calculated to deliver potential cost savings of £5.25m over the next five years and a reduction of 6,396 tonnes of CO2 emissions per annum. This represents over half of the target CO2 savings and is one of the highest percentages to be identified by authorities in the current scheme at this stage. The cost of these projects is projected to be £2.31m over the five years. The key projects are street lighting improvement, the 'Save it!' campaign (change behaviour campaign) and renewable energy generation which is in the early stages of development.</p> <p>Examples of the type of projects that have been prepared are:</p> <ul style="list-style-type: none"> • Civic Centre Lighting replacement (2008/9/10) - Financial savings of £93,300 per annum and CO2 Emissions reduction of 420 tonnes of CO2 per annum; • provide or replace heating controls or levels of insulation to valves and flange boxes on council building heating systems - Financial savings of £56,000 per annum and CO2 Emissions reduction of 210 tonnes of CO2 per annum; and • River Derwent hydro scheme - Financial savings of £20,000 per annum and CO2 Emissions reduction of 113 tonnes of CO2 per annum. <p>The plan also identifies a further 33 projects that will enable the Council to achieve the target of 35 per cent CO2 reduction within five years. The Council will be assessing these projects in more detail during 2009/10.</p> | |

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| <p>KLOE 3.1 Use of natural resources score</p> | <p>3</p> |
| <p>Key findings and conclusions</p> | |
| <p>In addition, the Council's commitment to sustainability has been long standing and driven by its Local Agenda 21 strategy which features 9 objectives.</p> <ul style="list-style-type: none"> ● Limit the impact of severe weather on the people and property in Gateshead. ● Protect air quality and reduce noise. ● Maintain natural habitats, protect animals and plants and improve access to them. ● Improve energy efficiency in the borough and produce more renewable energy. ● Buy sustainable goods and services and to follow sustainable construction practices. ● Consider environmental issues in all land use planning decisions. ● Improve public transport, reduce car journeys and promote cycling and walking. ● Reduce waste, increase recycling, and dispose of the remainder of waste economically with minimal effect on the environment. ● Use water efficiently, reduce its use and increase rainwater recycling. <p>The Council's overall strategic direction is co-ordinated by the Energy Management and Climate Change Group, which has been in place for two years. This group has representatives from all relevant services at a senior level (Director or Head of Service). This group looks at a strategic level at three key themes – climate change, carbon management and energy services company. Underneath this are technical working groups all managed through Prince 2 Project Management with associated Boards.</p> <p>The energy team within the Council closely monitors energy and carbon usage/savings as well as water consumption.</p> <p>The countryside strategy and open space strategy identifies how Council assets will be managed and future development of land ensuring that important and sensitive areas are managed appropriately. There are a range of indicators (all with identified people accountable for them).</p> | |

Appendix 1 – Use of resources key findings and conclusions

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| KLOE 3.1 Use of natural resources score | 3 |
| Key findings and conclusions | |
| <p>The recently approved sustainable construction policy identifies Council's requirements in terms of expectations for new build and significant refurbishment. This brings together much of the good practice already embedded within services in terms of procurement and development.</p> <p>All capital programme business cases require robust sustainability statements to ensure sustainability has been properly considered. Progress to date has also been substantial and includes:</p> <ul style="list-style-type: none">• NI 170 previously developed land that has been vacant or derelict >five years – achieved 5 per cent target in 2008/09;• percentage of homes built on previously developed land – achieved 95.6 per cent as against 80 per cent target for 2008/09;• percentage of land designated as SSI which is in favourable condition – achieved 100 per cent target;• area of land designated as local nature reserve per 1,000 population – achieved 1.5 in 2008/09 as against target of 0.6 (and 0.47 achieved in first half of year);• a sustainable construction policy (achieved 100 per cent use of timber from sustainable sources, 100 per cent reuse of road planings, concrete and soil);• incorporating water reduction methods in all refurbishment projects;• a workspace strategy (to reduce use of space) has increased efficiency in use of space in the Civic Centre (so far exceeding target of 20 per cent) and release of other premises;• green travel plans;• e-procurement and document management system reducing paper use;• use of more environmentally friendly cleaning products;• Civic Centre and Gateshead Millennium Bridge lighting renewal (the latter achieving 70 per cent energy reduction);• fleet transport operation (including low carbon vehicle procurement and training of all drivers in safe and fuel efficient driving delivering a reduction in fuel consumption of 9 per cent; | |

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| KLOE 3.1 Use of natural resources score | 3 |
| Key findings and conclusions | |
| <ul style="list-style-type: none"> • recycling of paper, glass and toner cartridges (use of recycled paper increased from 56 per cent in 2008 to 69 per cent in 2009 up to May); and • Countryside and Open Space Strategies which have delivered considerable improvements in habitats and biodiversity. <p>Although the progress has been promising, there is still the scope to bring about further significant outcomes. It is important in the current difficult economic climate that the Council continues to invest in measures to improve its use of natural resources.</p> | |
| KLOE 3.2 Strategic asset management score | 2 |
| Key findings and conclusions | |
| <p>We completed a detailed Review of Asset Management, which identified a number of areas for improvement. The Council has accepted our conclusions and agrees that asset management requires improvement.</p> <p>There is a strategic approach to asset management and it is well integrated into corporate and service planning. Development of new and refurbished assets has played a significant role in service transformation. However, there is no strategic plan as such for the Council's assets as a whole and no up to date corporate asset management plan, though a more strategic plan is now in preparation. Assets are managed as a corporate resource and the Council is increasingly taking robust decisions about holding and disposal of assets. A review of office accommodation has recently been completed and this has identified the potential to release a number of buildings. A systematic review of the Civic Centre has achieved significant improvements in space utilisation as part of a workspace strategy. Most assets are fit for purpose but there are deficiencies in some of the information currently held by the Council on its assets and this has had a negative impact on strategy development and performance management; however, it is currently being rectified. Partnership arrangements to maximise on the development and utility of assets are widespread.</p> <p>This year's assessment is that the score is a clear 2. There may be potential for improving the score in future years if the strategic issues raised in our report on asset management are addressed effectively through the revised asset management plan and the more general corporate response, including the delivery of improved outcomes.</p> <p>For further details of our assessment of Asset Management, please refer to our detailed report, Review of Asset Management, published in May 2009.</p> | |

Appendix 1 – Use of resources key findings and conclusions

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| KLOE 3.3 Workforce planning - not applicable to single tier and county councils in 2008/09 | n/a |
| Key findings and conclusions | |
| Not applicable for 2008/09 | |

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