

Annual Audit Letter

Bournemouth Borough Council

Audit 2008/09

December 2009



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Status of our reports

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

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

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

Audit Opinion

- 1 I issued an audit report including an unqualified audit opinion on the financial statements on 23 September 2009.

Financial statements

- 2 The financial statements were prepared promptly and were supported by clear and appropriate working papers. Our audit identified one material error, relating to the valuation of fixed assets; this was amended before I issued my audit opinion.

Value for money (VFM)

- 3 My audit report of 23 September 2009 included an unqualified conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in the use of its resources (the VFM conclusion). This conclusion is based in large part on the Use of Resources assessment discussed more fully later in this letter.

Audit Fee

- 4 The audit fee is out in Table 1.

Table 1 Audit fees for 2008/09

	Actual	Planned	Variance
Financial statements and annual governance statement	136,410	136,410	0
Value for money	121,151	151,951	30,800
Total audit fees	257,561	288,361	30,800

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- 5 The reduction in the value for money element of the fee arose as a result of an update of our risk assessment underpinning our Audit and Inspection Plan 2008/09. This resulted in the decision to cancel of our proposed review of the management of the capital programme and to issue a refund of the fee initially proposed for this work.

Financial Health and the economic downturn

- 6 We have reviewed the Council's financial standing in the light of the economic downturn and banking crisis. While as at 31 March 2009 the Council had not needed to impair the value of its investments, it will need to remain vigilant and to keep its treasury management under review.
- 7 The Council is working with the local strategic partnership 'Bournemouth 2026' to support the wider community through the economic downturn. It established a special 'recession fund' of £1 million, which has financed a range of advisory and support services for local businesses and people in financial difficulties.

Actions

- 8 Recommendations are shown within the body of this report and have been agreed with the Council.

Independence

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

Financial statements and annual governance statement

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

Significant issues arising from the audit

- 10** A material adjustment was made to the accounts to reflect the effect of the fall in property values that took place between 1 April 2008 and 31 March 2009.
- 11** This adjustment reduced the valuation of Council properties in the Balance Sheet by £54 million. £26 million of this was adjusted against earlier upward revaluations on the balance sheet approved on 28 June, and £28 million was shown as a charge against the net cost of services. This adjustment has no impact on the charge to council tax payers.
- 12** Current best practice is to value assets at the start of the financial year, make adjustments for purchases, sales, depreciation etc and then consider if the value has fallen between the start and the end of the year. This final adjustment (known as an impairment review) has not been necessary for several years because of general upward trends in property values over this period. The 2008-09 year was unusual in that a substantial fall in values did occur and it was necessary to make a late adjustment to reflect this.
- 13** In addition to the above, the Council made a technical error in the way in which it adjusted comparative figures. The resulting misstatement is not material and did not affect our audit opinion. The errors in the treatment of this item were of a purely technical nature and arose as a consequence of ambiguous technical guidance

Material weaknesses in internal control

- 14** I did not identify any significant weaknesses in your internal control arrangements.

International Financial Reporting Standards

- 15** Local authorities are expected to comply fully with the International Financial Reporting Standards (IFRS) in 2010/11. This has significant implications for the Council in terms of restating a number of complicated features of its accounts, such as leases and private finance based initiatives, to meet the new requirements.
- 16** Council staff have made good progress in identifying what will be required to comply with IFRS. However, it is a major undertaking and we recommend that periodic reports should be made to the Audit Committee showing progress against the project plan.

Financial Health and the economic downturn

- 17** The economic downturn and banking crisis are having a very significant impact on public finances and the bodies that manage them. The impact on treasury management strategies has been immediate, but there are wider and more fundamental impacts on the ability of public sector bodies to fund service delivery and capital programmes, including pressures on income streams. There are further challenges for policy priorities where patterns of demand for services are changing.
- 18** This has an impact on the audit and as part of my responsibility I have reflected on the wider environment, specific issues and risks. While the Council has not suffered impairment of the value of its investments it will need to remain vigilant and to keep its treasury management under review.
- 19** The Council is working with the local strategic partnership 'Bournemouth 2026' to support the wider community through the economic downturn. It set up a special 'recession fund' of £1 million, which has been used to expand the advisory and support services offered to local businesses, and to pay for press campaigns and marketing initiatives promoting commercial areas of the town. The fund has financed new debt and mortgage counselling services, and enabled a local credit union to offer more loans to people in financial difficulty. Training and support programmes provided by Bournemouth 2026 partners, such as 'Bridge to Work', are helping unemployed people find jobs. The Council has also collaborated with government agencies and local employers to provide training, apprenticeships and work experience opportunities for young people not in employment, education or training.
- 20** The Council has continued to work with public and private sector partners to regenerate parts of Boscombe. The construction of Europe's first artificial surf reef, the refurbishment of the Overstrand building and the Opera House, and the restoration of Boscombe Chine Gardens have transformed the appearance of the seafront in this area and the attractions it offers visitors. The Council is also using its 'recession fund' to help residents and traders improve the centre of Boscombe and make it more welcoming to visitors and shoppers.

Recommendations

- R1** In future the need for an impairment review of the value of fixed assets should be considered before the accounts are approved.
- R2** The Audit Committee should receive periodic progress reports on implementing International reporting standards.

Value for money and use of resources

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

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

Use of resources judgements

21 In forming my scored use of resources judgements, I have used the methodology set out in the [use of resources framework](#). Judgements have been made for each key line of enquiry (KLOE) using the Audit Commission's current four point scale from 1 to 4, with 4 being the highest. Level 1 represents a failure to meet the minimum requirements at level 2.

I have also taken into account, where appropriate, findings from previous use of resources assessments (updating these for any changes or improvements) and any other relevant audit or related work.

22 The Council's use of resources theme scores are shown in Table 2. The key findings and conclusions for the three themes, and the underlying KLOE, are summarised in Appendix 1.

Table 2 Use of resources theme scores 2008/09

Use of resources theme	Scored judgement
Managing finances	2
Governing the business	2
Managing resources	2

23 Managing finances: Over the past year the Council has improved the integration of financial and service planning, the involvement of local communities in this process and arrangements for approving capital projects. Financial statements are free from material error and are founded on thorough and well documented procedures. Weaknesses that need to be addressed include the provision of meaningful summary financial information prepared for the public and the publication of this information alongside service performance data.

- 24** Governing the business: Commissioning and procurement are based on a good understanding of local needs with service users being involved in commissioning and service development. The Council has a good track record for producing and using accurate and reliable data. Its governance arrangements are robust with effective internal control arrangements and sound processes for risk management and for countering fraud and corruption. Weaker areas that need attention include the systematic evaluation of arrangements in place for data quality at service unit level and the compilation of comprehensive diversity and equality information. Some services
- 25** Managing resources: The Council has a sound record of using property assets to deliver social, economic and environmental benefits to the community. A comprehensive asset management strategy and action plan has been prepared and well-developed corporate arrangements for asset management are in place. Initiatives have been taken to reduce the use of natural resources, although the Council recognises that its performance management arrangements for reducing its consumption of natural resources and environmental impacts are under-developed

Workforce planning

- 26** In part to inform my Use of resources assessment for 2009/10, and in part to provide the Council with an independent assessment of its arrangements, we carried out a high-level review of workforce planning arrangements early in 2009.
- 27** At the time of our review, the Council did not have a corporate work force plan that identifies gaps between current capacity and future needs and sets out initiatives for dealing with these. As a result, it may in future struggle to deliver key services and achieve corporate objectives, in an environment of rapid change. However, the Adult Social Workforce Strategy 2007 to 2012 represents good practice in workforce planning, which the Council can build more widely upon. The new 'Employee First' HR/payroll system will also make access to workforce information much easier, as the basis for developing a corporate workforce plan.

Partnership working

- 28** The Council's work with partners is helping to improve both operational efficiency and the quality of services provided to local people. It is collaborating with Poole Council on the development of several joint services, such as economic development, and the two councils have undertaken the successful joint procurement of 'Employee First', a new payroll and personnel system, the first stage of which has now been completed. The Council has continued to provide and expand joint health and social care services, working in partnership with Bournemouth and Poole PCT. It is also working with the PCT and Poole Council on the joint commissioning of services across the conurbation, some of which are being developed in response to needs identified in the Joint Strategic Needs Assessment. The Council has effective working relationships with the voluntary sector, from which it commissions a wide range of children's and adult social care services.

Building Schools for the Future

- 29** Bournemouth Council and Poole Council are making progress with their joint 'Building Schools for the Future' (BSF) programme for the modernisation of five secondary schools in Bournemouth and four schools in Poole. In February 2009, the councils published 'Strategy for Change', which sets out the proposed approach to the transformation of secondary education in the two boroughs. Strategy for Change has been incorporated into an Outline Business Case, which is scheduled for review and approval by Partnerships for Schools in December 2009.
- 30** The two councils and their advisers have developed detailed financial forecasts to demonstrate that the whole programme is affordable within the funding available. The councils have also considered and tested the procurement method which offers the best value for money for each of the nine schools within the programme. We are currently reviewing the financial projections for Building Schools for the Future, and the approach to ensuring value for money.

VFM Conclusion

- 31** I assessed your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. From 2008/09, the Audit Commission will specify each year, which of the use of resources KLOE are the relevant criteria for the VFM conclusion at each type of audited body. My conclusions on each of the areas are set out in Appendix 1.
- 32** I issued an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources.

Closing remarks

- 33** I have discussed and agreed this letter with the Chief Executive. I will present this letter at the Cabinet on 27 January 2010 and will provide copies to all members.
- 34** Further detailed findings, conclusions and recommendations in the areas covered by our audit are included in the following reports issued to the Council during the year.

Table 3

Report	Date issued
Workforce Planning	February 2009
Annual Governance Report	September 2009

- 35** I would also like to emphasise the close linkage between the audit matters discussed in this letter and other aspects of the Audit Commission's work with, particularly the council's Organisational Assessment and the Area Assessment for the Bournemouth area.
- 36** The Council has taken a positive and constructive approach to our audit and I wish to thank your staff for their support and co-operation during the audit.

Martin Robinson
 District Auditor
 December 2009

Appendix 1 – Use of resources key findings and conclusions

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

Managing finances

Theme score 2
Key findings and conclusions for theme 1
<p>Financial planning is integrated with strategic and service planning on a medium term basis and has involved local communities. Budgets have been underspent in each of the last four years and a prudential, risk assessed level of balances has been maintained. There is a sound process of approving capital projects and progress on individual schemes is monitored, although this needs further improvement. Members provide a clear lead for the organisation. The Council can demonstrate an adequate understanding of costs although use of whole life costing is limited and financial monitoring is not integrated with the quarterly scorecard monitoring.</p> <p>Efficiency gains are pursued over and above the targets set by the Government and these have largely been achieved. Financial statements are founded on very thorough and well documented procedures. The statements are well supported by working papers and no significant errors have been found that impact upon the readers understanding of the Council's financial performance and financial position. The Council needs to improve summary financial information prepared for the public and ensure that it is published alongside meaningful service performance data.</p>

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 1.1 (financial planning)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
<p>Key findings and conclusions</p>	
<p>Financial planning is integrated with strategic and service planning over a medium term (five year) basis. Priorities are revised or updated annually through the Corporate Plan and provide the basis for the medium term financial plan.</p> <p>Local communities are involved in the service and financial planning process. Wide consultation has been undertaken in preparing the Corporate Plan, and the establishment of a consultation tracker website with the Council's partners is innovative and provides a good focus for engaging with the community.</p> <p>The Council has a good track record of managing its spending within budget, having under-spent against its approved budgets in each of the last four years. The level of balances required is risk assessed and again the Council has good record of maintaining these. While financially sound in the medium term, significant challenges face the Council for 2011/12 onwards and improvements to medium term planning are needed to help the Council address these challenges.</p> <p>The process of approving capital projects has been strengthened over the last year and there has been some improvement in the monitoring of progress of schemes within the programme. However, the level of monitoring needs to be improved and the reports need to be more openly reported.</p> <p>Members provide a clear lead for the Council but the organisation needs to exhibit stronger collective responsibility for financial performance.</p>	

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 1.2 (understanding costs and achieving efficiencies)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
<p>Key findings and conclusions</p> <p>The Council can demonstrate an adequate understanding of costs and how these link to performance. This is evidenced particularly through the medium term financial plan, monthly budget performance monitoring arrangements, the work of the Gateway Board and the work on the efficiency review. However, use of whole life costing is limited and the lack of integration of financial monitoring with the quarterly scorecard monitoring is a significant limiting factor in the arrangements. Further the Council does not make systematic use of benchmarking to evaluate comparative financial and service performance.</p> <p>Account is taken of this understanding through financial monitoring, where some basic links are made to service volume data. The Project Gateway system is beginning to have impact on procurement and commissioning, and the efficiency review (now termed 'Shaping Success') demonstrates a clear desire to achieve a full understanding of costs and to relate them to service outcomes for the four services in the current phase. Potential for further improvement exists through better alignment of performance monitoring with financial monitoring and through year end review of performance against the objectives set out in the corporate plan.</p> <p>The Council has for some time had a programme to identify and pursue efficiency gains over and above the targets set by the Government. It has largely achieved these targets and has either used them to reduce the call on council tax or to fund service improvements where growth has been identified as a priority.</p>	

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 1.3 (financial reporting)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
<p>Key findings and conclusions</p>	
<p>Budget monitoring and forecasting systems are sound, with Cabinet receiving monthly reports on financial performance and limited elements of service performance. Quarterly scorecard reports are prepared for individual services to the Scrutiny Committee.</p> <p>Significant variances from budgeted performance or planned service delivery are identified, explained and actions to address them set out in the monthly reports to Cabinet. Consideration is given to the potential impact on the medium term financial plan. Service performance is reported through the Scrutiny Committee panels at quarterly intervals although there is only limited tie-in with the financial monitoring process.</p> <p>The Council uses a standard template for reports to ensure that important information is included such as legal advice, financial considerations, risk management impact and diversity although there has been some inconsistency in its use.</p> <p>The accounts were produced based on very thorough and well documented procedures. They are well supported by working papers and explanations from staff where this was necessary. No significant errors have been found that impact upon the readers understanding of the Council's financial performance and financial position.</p> <p>The Council does not currently provide overall annual assessments of its performance in terms of summarising annual progress against key corporate objectives and initiatives. It does prepare financial summaries of the full statements after the audit is completed and this is included on the website and in 'Bournemouth Life', although this is of limited value as it is very restricted in nature.</p>	

Theme 2: Governing the business

Theme score 2	
Key findings and conclusions for theme 2	
<p>Commissioning and procurement are based on a good understanding of local needs with service users being involved in commissioning and service development. There is a good understanding of some local supply markets and the Council procures good quality services and supplies, although it is only in the early stages of developing e-procurement and category management. It collaborates with neighbouring Poole Council on some large-scale joint procurements and makes use of regional and national purchasing arrangements. However, only limited progress has been made in using technology to improve services and increase cost-efficiency and joint commissioning with the PCT is less well developed.</p> <p>The Council has a good track record for producing and using accurate and reliable data and there are well documented policies and procedures with appropriate staff training. However, it does not systematically evaluate the arrangements in place for data quality at service unit level.</p> <p>Generally fit-for-purpose information is provided to support the decision-making process and business systems used to collect and report data are of proven reliability. However, comprehensive diversity and equality information is not held for some services. Data security arrangements are generally sound and comply with relevant statutory requirements for information governance.</p> <p>Performance is systematically monitored against corporate and service priorities. A new system to improve the monitoring and reporting of performance information has been acquired but the implementation of this is not complete.</p> <p>Corporate governance is robust, based on the Council's constitution and ethical framework. There are effective audit and standards committees, with appropriate training for members and officers. Internal control arrangements are sound and there are effective arrangements for risk management and for countering fraud and corruption.</p>	

<p>KLOE 2.1 (commissioning and procurement)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
<p>Key findings and conclusions</p>	
<p>There is a clear vision of expected outcomes from commissioning and procurement, based on a good understanding of local needs, including those of disadvantaged neighbourhoods. This understanding is derived from extensive consultation, ward profiles and the joint strategic needs assessment for the conurbation, which was carried out in partnership with the PCT and Poole Council. However, the Council does not have comprehensive information on diversity and equality issues across all its services.</p> <p>Service users and other stakeholders are involved in commissioning. The views of service users are used to shape services, and a wide range of service users and stakeholders are consulted in developing commissioning strategies. However, joint commissioning with PCT to deliver improved services and VFM is at only an early stage of development. Clear guidance on contract opportunities and on doing business with the Council is available on its website.</p> <p>Technology has been used to improve services and to increase cost-efficiency through investment in planning systems, and access to services has been extended by establishing a customer contact centre. However, only limited progress has been made in using the investment in technology to improve service quality and deliver efficiency gains and cost savings. An external strategic partner is being sought to help with this.</p> <p>Good quality services and supplies are procured that meet identified local needs. The development of category management and e-procurement is at an early stage.</p> <p>There is a good operational understanding of some supply markets and the Council is working to build capacity in local markets, particularly through engagement with the third (voluntary) sector. While there has been some success with demand management the Council has not developed a systematic approach.</p> <p>Supply options are evaluated when procuring construction work, goods and services, and formal appraisal processes are used to select the most appropriate option. Use is made of regional and national purchasing arrangements for some standard goods and services, although there is scope for increased use of such arrangements. The Council also looks for opportunities to work with neighbouring authorities and a number of joint projects are in hand such as Building Schools for the Future.</p> <p>While there are published well-defined corporate contact management standards, but does not have corporate arrangements for monitoring service unit compliance with these.</p>	

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 2.2 (data quality and use of information)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
<p>Key findings and conclusions</p> <p>The Council has a good track record for producing and using accurate and reliable data. Responsibilities for data quality are clearly assigned to individual officers at both corporate and business unit level. Service units have well-established arrangements for collecting, recording and reporting data, which are recorded in documented policies and procedures. Data quality training is a mandatory part of the staff induction programme, and is included in the staff training modules for Data Protection and Freedom of Information. Training is provided on major procedural changes and systems upgrades of relevance to data quality. There is a Dorset-wide protocol for sharing data among public sector bodies, to which the Council subscribes. However, it does not systematically evaluate the arrangements in place for data quality at service unit level, or carry out systematic tests on data quality to ensure it is reliable and fit for purpose. Fit-for-purpose information is provided to support the decision-making process. Business systems used to collect and report data are of proven reliability, and there is limited data transfer to local systems, such as spreadsheets, for manual manipulation. The formats in which information is presented have been extended through the implementation of a new corporate performance management information system, which is also used to generate reports for the local strategic partnership. However, systematic reporting on the quality of the data used to produce reports is limited. The Council does not hold comprehensive diversity and equality information for some of its services.</p> <p>There are generally effective data security arrangements in place which comply with relevant statutory information governance requirements. Data security policies are up to date and have been drafted to comply with latest ISO (International Organisation for Standardisation) standards. All business units have business continuity plans although a corporate business continuity plan is still in preparation. There are sound corporate and business unit arrangements for Data Protection, Freedom of Information and document retention.</p> <p>Performance is monitored against priorities in the community strategy, the corporate strategy and business unit service plans. The corporate plan is aligned with the community strategy and progress against corporate and business unit service plan objectives and targets is reported on a regular basis to senior management. The Council is seeking to develop and improve the monitoring and reporting of progress against objectives and targets in the Local Area Agreement (LAA), the corporate plan and business unit service plans, although this is yet to be fully achieved. Areas of underperformance are kept under active review and appropriate action taken to improve performance. However, the Council has not integrated the reporting of financial and information reporting, in support of the achievement of VFM, and benchmarking against other organisations is under-developed.</p>	

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 2.3 (good governance)</p> <p>Score</p> <p>VFM criterion met</p>	<p>3</p> <p>Yes</p>
<p>Key findings and conclusions</p>	
<p>A sound platform for applying robust corporate governance has been established through the constitution and ethical framework. The audit committee has an excellent focus on the governance of the Council and this is supported by the work of a vigorous standards committee. Both members and officers are equipped to discharge their roles in compliance with good governance standards, though tailored induction and update training. Ready access to the Council's standards is provided through both the intranet and public website. The Standards Committee undertakes its role rigorously and is keen to communicate direct with the public using press releases to publicise its annual report. Strategies and vision are developed in a way that can be communicated both within the Council and to the public. The creation of the consultation tracker for joint use with its partners is innovative and has potential for presenting the public with a clear picture of what is happening in the community, although the benefits of this medium are yet to be fully realised. The corporate plan provides a framework for monitoring progress on corporate objectives and priorities but this is not yet fully developed. There is a focus on the needs of local communities which is integrated with objectives and priorities.</p> <p>A sound framework for ethical governance has been established based upon codes of conduct and standards with monitoring undertaken through the Standards Committee, although greater emphasis needs to be given to ensuring that all members and officers are committed to complying with their respective codes.</p> <p>The Council is only involved in a very small number of formal financial partnerships, although it does seek to work in partnership with many organisations and individuals and applies its principles of governance in these activities.</p>	

Appendix 1 – Use of resources key findings and conclusions

KLOE 2.4 (risk management and internal control)	
Score	3
VFM criterion met	Yes
Key findings and conclusions	
<p>An effective and robust risk management structure has been established that is applied throughout the whole organisation and is overseen by the Audit Committee. The need for consideration of risk is recognised in all aspects of decision making within the Council, although greater consistency is required in reports to members when considering key decisions. The consideration of risk is extended to the Council's involvement in partnership working although it has few formal financial partnerships. The Council is proactive in providing appropriate risk management training for both members and officers.</p> <p>The Council has an effective strategy to counter the risk of fraud and corruption. Officers and members are well informed of the arrangements, and the intranet and website give ready access to the key strategies and policies. The complaints process clearly sets out how informants can bring issues of concern to the attention of management. The Council is a full participant in the NFI initiative and internal audit give full consideration to counter fraud and corruption work in its annual plans.</p> <p>The Council has implemented sound internal control arrangements. It reviews and updates its constitution on a regular basis and has established an appropriate assurance framework to support its annual governance statement. Internal audit work provides annual assurance about the operation of all key controls and is reported regularly to the audit committee</p>	

Theme 3: Managing resources

Theme score 2	
Key findings and conclusions for theme 3	
<p>A strategy is being developed for reducing the Council’s use of natural resources and its impact on the environment and much of the planning for this is in collaboration with local, regional and national partners. The strategy is expected to include a five year plan for reducing carbon emissions which is currently being developed with the Carbon Trust, and also to build on planning with Poole Council for meeting the councils’ joint LAA2 target NI188. Initiatives have been taken to reduce the use of natural resources, although the Council recognises that its performance management arrangements for reducing its consumption of natural resources and environmental impacts are under-developed.</p> <p>The Council has a sound record of using property assets to deliver social, economic and environmental benefits to the community. Partnership work with the private sector to develop these assets is a particular strength.</p> <p>A comprehensive asset management strategy and action plan has been prepared and well-developed corporate arrangements for asset management are in place. Capital and revenue expenditure proposals are supported by business cases, with option appraisals and whole life assessments being applied to large and high-risk projects. Property assets are in good condition and the maintenance backlog is reducing. There is comprehensive, integrated data on the property asset base, which is used effectively to manage performance of these assets and challenge the value for money achieved.</p> <p>There is collaboration with other public sector partners on asset management, for example with Poole Council on the Building Schools for the Future programme (BSFF), the only joint BSFF programme on this scale in the country.</p> <p>There is extensive use of Council assets, including schools, by community groups.</p>	

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 3.1 (use of natural resources)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
<p>Key findings and conclusions</p>	
<p>A strategy is being developed - 'Bournemouth Climate Change and Sustainability Strategy and Action Plan' - to reduce the Council's use of natural resources and the impact on the environment. The second Local Area Agreement (LAA2) includes three national indicator climate change targets and the strategy incorporates the project plans that the Council is developing for meeting these targets, with much of this planning being carried out in collaboration with local, regional and national partners.</p> <p>The draft strategy includes a five year plan for reducing carbon emissions which is currently being developed with the Carbon Trust. It is expected to build on planning with Poole Council for meeting the councils' joint LAA2 target NI188. The two councils have also published the study 'Local Climate Impacts Profile, which is helping to identify priorities for climate change planning. The Council has worked with partners in Dorset on the 'Bournemouth Dorset and Poole Energy Efficiency Strategy and Action Plan', which is awaiting final agreement by partners.</p> <p>The Council has taken initiatives to reduce its own use of natural resources. It met the targets in its Climate Change Strategy 2003 - 2007 for reducing CO2 emissions from its own buildings by 10 per cent and water use by 5 per cent by 2005. A subsequent annual target of a 1.5 per cent reduction in energy levels on 2004/05 levels was achieved in 2007/08. Reductions in CO2 tonnage have been achieved through projects under the Local Authority Energy Fund which has been running since 2006. Projects include energy-efficient lighting upgrades and insulation improvements. The Council is working with partners on flood defence programmes and is also implementing programmes for managing bio-diversity.</p> <p>The Council is developing performance management arrangements for its use of natural resources, including quarterly reports to the LAA on progress against the three National Indicator climate change targets. The Council uses a bespoke system to monitor energy usage and CO2 emissions from its buildings, and maintains a database of all energy and water consumption (including schools) and calculates related CO2 emissions. However, it recognises that its performance management arrangements for natural resources are under-developed. In particular, some baseline data and targets have not been established as required to reduce its own use of natural resources and its environmental impacts, for the purpose of its Climate Change and Sustainability Strategy.</p>	

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 3.2 (strategic asset management)</p> <p>Score</p> <p>VFM criterion met</p>	<p>3</p> <p>Yes</p>
<p>Key findings and conclusions</p> <p>There are well-established arrangements for managing property assets as a corporate resource, in support of corporate priorities and the Council has good record for using its property assets to deliver social, economic and environmental benefits to the community. Partnership work with the private sector to develop these assets is a particular strength. There is a comprehensive asset management strategy and action plan which is supported by a good quality capital strategy. Asset management planning is integrated with service planning with the Corporate Asset Management Group being an effective forum for the cross-service co-ordination of asset management. There is an ongoing programme of property suitability assessments and cost appraisals and effective monitoring of surplus or under-utilised assets. Large-scale property disposals (£25.7m over last three years) have helped to help fund capital expenditure in support of corporate priorities. Capital and revenue expenditure proposals are supported by business cases with options appraisals and whole life assessments being applied to large and high-risk projects. The Executive Management Board uses a formal 'Gateway' process to assess capital and revenue expenditure proposals in the light of corporate priorities. Post-completion appraisals of large projects are carried out to determine if expected benefits have been delivered, although there is potential for extending this practice further.</p> <p>The Council is able to demonstrate that it has improved the value for money achieved from use of its asset base. Office accommodation is being rationalised and three large offices have recently been disposed in support of this. The Council has seized the opportunity provided by the economic recession to acquire a health club and land from private sector for use as a leisure facility in a deprived area of the borough at a much lower cost than could have been achieved through a new build. Several Council buildings and facilities have been upgraded and modernised including the Bournemouth International Centre. Property assets are in generally good condition (top quartile in comparison with other councils), the maintenance backlog is reducing and identified health and safety risks are dealt with effectively.</p> <p>Comprehensive, integrated data is held on the property asset base. The performance and value for money achieved from property assets is monitored and challenged through performance indicators.</p> <p>Collaborative work is undertaken with other public sector partners on asset management, for example with Poole Council on the Building Schools for the Future programme. Other partners in asset management include Bournemouth and Poole NHS, the South West Regional Development Agency and Sport England. There is extensive use of Council assets, including schools, by community groups. An innovative approach is also being developed to attract private sector investment for the redevelopment of parts of the town centre, using a local asset-backed company.</p>	
<p>KLOE 3.3 (workforce planning)</p> <p>Score</p>	<p>Not assessed in 2008/09</p>

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