

Report to: Finance and Performance Management Scrutiny Panel

Date of Meeting: 11 February 2008



Portfolio: Finance, Performance Management and Corporate Support Services (Councillor C. Whitbread)

Subject: Use Of Resources Assessment - Auditor Judgements 2007

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Recommendations/Decisions Required:

That the Scrutiny Panel note the Council's results in respect of the annual Use of Resources Assessment for 2007, including the key findings, conclusions and improvement opportunities identified by the Audit Commission.

Report:

Introduction

1. (Deputy Chief Executive) As members will be aware, local authorities are responsible for ensuring that they have proper arrangements in place to secure economy, efficiency and effectiveness in the use of public money, and the Audit Commission is tasked with providing assurance that this is being achieved. To this end, the Commission examines council's performance and financial management arrangements through the annual Use of Resources (UoR) assessment process. UoR forms an important part of the Council's annual Direction of Travel assessment, which is also undertaken by the Audit Commission and reflects the Commission's conclusions about whether the Council is improving, and the extent of any such improvement.

2. In addition to the findings of the Use of Resources assessment, the Direction of Travel assessment is based on the authority's achievement of Value for Money, its performance against Best Value Performance Indicators during the last year and other inspection exercises carried out over the previous twelve months. The findings reached about the authority in the Direction of Travel statement are important as they can trigger intervention or further inspection by the Commission, and an unfavourable judgement could also have a negative impact on the Council's public reputation. The UoR assessment supports continuous improvement and helps to establish minimum requirements for future external audit and inspection.

3. The UoR process involves the Audit Commission assessing the Council's overall performance against five Key Lines of Enquiry (KLoE). These describe what performance at each level might look like, or identify the arrangements that should be in place.

- **Financial Reporting** – How good are the Council's financial accounting and reporting arrangements?

- **Financial Management** – How well does the Council plan and manage its finances?
- **Financial Standing** – How well does the Council safeguard its financial standing?
- **Internal Control** – How well does the Council's manage its significant business risks?
- **Value For Money** - How well does the Council achieve good value for money?

4. The KLoEs are rooted in a number of sources, including statutory and professional requirements, and best practice. The Audit Commission requires the Council to provide evidence to support its progress and achievements against the KLoE criteria, focusing on whether there have been any changes to the authority's arrangements since the last assessment. The Commission uses the following scale to score its judgement against each KLoE:

- 4 = well above minimum requirements – **performing strongly**;
- 3 = consistently above minimum requirements – **performing well**;
- 2 = at only minimum requirements – **adequate performance**; and
- 1 = below minimum requirements – **inadequate performance**.

5. The report and judgements of the Audit Commission in respect of the Council's UoR assessment for 2007 is attached as Appendix 1 to this report, for consideration by the Scrutiny Panel, from which it will be noted that the authorities overall score has risen to a 3, from the overall score of 2 achieved for both 2005 and 2006.

Statement in Support of Recommended Action

6. The Council is required to participate in the UoR assessment process on an annual basis.

Reason for Decision:

7. To ensure that the Council takes account of feedback in relation to its use of resources, in order to inform service development and improvement, and future plans and priorities.

Other Options Considered and Rejected

- None.

Consultation Undertaken:

- This report has been subject to consultation with the Finance, Performance Management and Corporate Support Services Portfolio Holder, the Chief Executive, Deputy Chief Executive and Management Board. The Audit Commission's UoR report was also considered by the Finance and Performance Management Cabinet Committee at its meeting on 28 January 2008, and by the Audit and Governance Committee on 30 January 2008.

Resource Implications:

Budget/Personnel/Land: None.

Council Plan/Best Value Performance Plan Reference: Section 8 – ‘How We Measure Our Achievements’

Relevant Statutory Powers: None

Background Papers: Audit Commission ‘Use of Resources Auditor Judgements 2007’ Report (November 2007)

Environmental/Human Rights Act/Crime and Disorder Act Implications: None

Key Decision Reference: (if required) None