

Value for money

Appendix B

- 1 We are required to conclude whether the Council put in place adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. We assess your arrangements against twelve criteria specified by the Commission. Our conclusion is informed by our work on Use of Resources, a scored judgement reported to the Audit Commission.
- 2 We identified weaknesses in arrangements for securing value for money as detailed below.

Table 3 Value for money conclusion: criteria where assessed as not adequate

Criterion	Finding
The Body has put in place a medium term financial strategy, budgets and a capital programme that are soundly based and designed to deliver its strategic priorities.	<ul style="list-style-type: none">• Material errors identified in the budget setting for both 2006/07 and 2007/08 and the Medium Term Financial Strategy (MTFS). The scale and impact is such that the Council had to achieve challenging savings in 2007/08, with further savings from 2008/09; and• Weaknesses overall in the robustness of processes to ensure delivery of a balanced budget.
The body has put in place arrangements for managing performance against budgets.	<ul style="list-style-type: none">• although improvements are now being made to manage and monitor performance against budget, these were not in place throughout 2007/08; and• Aggressive measures needed to be instigated to bring the Council back within budget.
The body has put in place arrangements for the management of its asset base.	<ul style="list-style-type: none">• there is no current corporate capital strategy linked to priorities, the MTFS and a detailed asset management plan;• the Council maintains its asset register on a spreadsheet that is only updated at year end and does not contain sufficient detail; and• There is no member group specifically responsible for asset management.

Criterion	Finding
The body as put in place arrangements to maintain a sound system of internal control.	<ul style="list-style-type: none"> • sources of assurance to support the Annual Governance Statement are not reviewed by members; • procedure notes are not in place for all key financial systems; • governance arrangements still need to be fully considered for key partnerships; and • Weaknesses in the control environment were identified around the reconciliation of control accounts and suitable review.
The body has put in place arrangements to ensure that its spending matches its available resources.	<ul style="list-style-type: none"> • balanced budget not set for 2007/08; and • Arrangements were not actively managed throughout 2007/08.
The body has put in place arrangements to manage and improve value for money.	<ul style="list-style-type: none"> • the systems for monitoring and reviewing value for money were not robust throughout 2007/08; • savings have been made in the later part of 2007/08, however these were primarily a response to the need to restore the Council's financial position more than to actively manage and improve value for money; and • The Council has not submitted a Gershon Efficiency statement as it did not have reliable information.

Recommendation

R1 Ensure that weaknesses in arrangements to secure economy, efficiency and effectiveness in its use of resources are addressed.