

Committee: Finance & Administration

Agenda Item

Date: 29 January 2009

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Title: Use of Resources 2008/09

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Item for decision

Summary

1. At the previous meeting of this Committee, it was requested that an update be brought summarising progress being to improve the Council's scores in the Use of Resources Assessment.
2. Use of Resources is an annual inspection by the Audit Commission. It is an in-depth review of the Council's corporate arrangements for managing resources, including finance, workforce, assets, and natural resources. Outcomes are scored on the scale of 1 to 4. The Council's score in the 2007/08 inspection was "1", defined as "below minimum requirements", largely as a consequence of the difficulties experienced in 2007.
3. The 2008/09 Use of Resources scores will be determined in Autumn 2009 based upon evidenced performance as at 31 March 2009 and the outcomes of the 2008/09 audit of the Statement of Accounts.
4. The Use of Resources inspection is changing for 2008/09. Key Lines of Enquiry (KLOE) have changed in some cases expanded. The extent and depth of the inspection and evidence required demonstrate performance is not fully clear yet, but early indications are that this will be a sterner test, making it extremely difficult to improve from a score of "1" quickly. Officers are attending a seminar on 26 January and will provide an update to the Committee.
5. The Council does not have the capacity to manage at a corporate level many of the themes covered in the KLOE, or to co-ordinate the production of evidence and the inspection process generally. The Strategic Management Board feel that on balance it is unlikely that Council's overall score will be improved in the 2008/09 inspection. However, it is realistic to expect that within the overall result, scores for some individual KLOE will improve, particularly relating to financial management.
6. A funding bid has been submitted to Improvement East to provide the Council with additional capacity to achieve improvements in corporate arrangements, and as a consequence, improved Use of Resources scores. As at 16 January the outcome had not been formally confirmed but there were informal indications that the bid was likely to be approved. An update will be provided at the Committee.

Recommendations

7. The Committee is recommended to note this report and request that the Performance Select Committee oversees the programme of work to improve Use of Resources scores.

Background Papers

8. Audit Commission Use of Resources 2008/09
<http://www.audit-commission.gov.uk/useofresources/2009kloe.asp>
9. Report to Performance Select Committee 13 November 2008 (item 13)
<http://ggpweb.uttlesford.gov.uk/CMISWebPublic/Binary.ashx?Document=14731>

Impact

Communication/Consultation	No specific implications
Community Safety	No specific implications
Equalities	No specific implications
Finance	No specific implications
Human Rights	No specific implications
Legal implications	No specific implications
Sustainability	No specific implications
Ward-specific impacts	No specific implications
Workforce/Workplace	No specific implications

Use of Resources Inspection

10. The following shows the outcomes of the 2006/07 and 2007/08 inspections. The outcomes are largely a consequence of the difficulties the Council experienced in 2007.

KLOE	2006/07 score	2007/08 score
Financial Reporting	1	1
Financial Management	1	1
Financial Standing	1	1
Internal Control	2	2
Value for Money	2	2
Overall Score	1	1

(1 = “below minimum requirements”, 2 = “only at minimum requirements”)

11. The structure of the Use of Resources inspection is changing for 2008/09, which will make comparison with earlier inspection outcomes difficult. KLOEs are to be grouped into three broad themes:

Theme	KLOE
Managing Finances	Financial planning Costs, performance and efficiency Financial reporting
Governing the Business	Procurement Data quality & performance management Corporate governance Risk management
Managing Resources	Natural resources & environmental issues* Strategic asset management* Workforce planning

*not to be scored in 2008/09

12. Each KLOE will receive a score on the 1 to 4 scale with the score for each theme being based on an average of the KLOE scores under that theme. The overall score for the authority will be an average of the theme scores.
13. Issues underpinning all KLOE are the corporate policy framework, effectiveness of partnership arrangements, the degree to which good practice is embedded throughout the authority, equality and diversity and value for money.
14. A funding bid has been submitted to Improvement East to provide the Council with additional capacity that will improve Use of Resources scores. Improvement East has a target to ensure that all councils in their region achieve a score of at least “2” by 2011. Clearly the Council would wish to achieve this position before 2011 but that is challenging given the breadth and depth of the assessment and lack of corporate capacity in some areas.
15. The 2008/09 assessment will be based upon evidenced performance as at 31 March 2009 and the outcomes of the 2008/09 Statement of Accounts audit, to be completed in September 2009. Given lack of capacity there is insufficient time before 31 March to demonstrate improvements in some KLOE.
16. Subject to a greater understanding of how the revised KLOEs will be applied in practice by the Audit Commission, it is expected that some progress can be demonstrated, for example, the stabilisation of the Council’s finances and strengthening of corporate financial management arrangements should result in some scores of “2” within the Managing Finances theme.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
There is a risk that the Council's reputation is adversely affected by inspection outcomes	4	2	Demonstrating progress in key areas and being clear about what has been achieved Having a managed process to address development points and improve scores
There is a risk that time is diverted to facilitate the inspection process, affecting the organisation's capacity to deliver services	2	2	Bid to Improvement East to fund additional capacity

- 1 = Little or no risk or impact
- 2 = Some risk or impact – action may be necessary.
- 3 = Significant risk or impact – action required
- 4 = Near certainty of risk occurring, catastrophic effect or failure of project.