Committee:	Performance Select Committee	**Agenda Item**
Date:	13 November 2008	
Title:	Use of Resources 2008/09	**13**
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Summary

1. This report presents to Members guidance on the new Use of Resources criteria for the current financial year which will be assessed and reported in the autumn of 2009.

Recommendations

2. None.

Background Papers

None.

Impact

Communication/Consultation	SMB are discussing the process and this will then be worked up into a project plan with Heads of Division and then communicated to all staff
Community Safety	There are no specific community safety implications contained in this report
Equalities	There are no specific equalities implications contained in this report
Finance	There may be financial consequences around the need to strengthen some of the areas
Human Rights	There are no specific human rights implications contained in this report
Legal implications	There are no specific Legal implications contained in this report
Ward-specific impacts	There are no specific ward implications contained in this report
Workforce/Workplace	SMB are discussing the process and this will then be worked up into a project plan with Heads of Division and then communicated to all staff

Performance Select Committee

Situation

3. Prior to 2008/09 the Use of Resources has been focused on financial performance with the 5 criteria being

    - Financial Reporting
    - Financial Management (including Asset Management)
    - Financial Standing
    - Internal Control
    - Value For Money

4. Each element was scored on a 1 to 4 basis with 1 being the weakest. Unfortunately this council scored a 1 for the 2006/07 year and is likely to score the same again for 2007/08.

5. For the 2008/09 assessment and beyond the scheme has changed to become a much more district wide assessment similar to the principles of Comprehensive Area Assessments. There are now three core themes

    - Managing Finance
    - Governing the Business
    - Managing Resources

6. Within each of these areas there are a number of key lines of enquiry (KLoE) and criteria that need to be met to achieve a satisfactory score. Attached as appendix One is the full list of themes, KLoEs and Criteria.

7. The scoring system for the KLoEs will be

    1 – below minimum requirements
    2 – only at minimum requirements – adequate performance
    3 – consistently above minimum requirements – performing well
    4 – well above minimum requirements – performing strongly

8. The same scoring methodology will be used for the themes. Each theme would be given a score based on the total score for all KLoEs in that theme divided by the number of KLoEs in the theme e.g.

    Managing Finance
          1.1 score 2
          1.2 score 3
          1.3 Score 3

    Theme average = 8 (3+3+2) divided by 3 = 2.67 rounded to nearest whole number = 3

9. Because theme 2 'Governing the Business' has four KLoEs it is possible to get an average score of any of 1.5, 2.5 or 3.5 from which it is not possible to round to the nearest whole number. If this happens additional weighting is given to the 'Use of Information' KLoE. If this KLoE is scored above the theme average the

    overall score is rounded up, if the KLoE is scored below the theme average the overall score is rounded down.

10. The current consultation period only closed on 24 October 2008 and the council awaits confirmation that this will be the final version of Use of Resources for 2008/09 scoring.

11. It is agreed that for the first year KLoEs 3.1 Natural Resources and 3.2 Strategic Asset Management will not be scored at District Council level.

12. It is acknowledged that the new Use of Resources is a tougher test than the previous version. Therefore it will be harder to move from a 1 to a 2 on the new scheme than it would have been under the old one.

13. Senior Management Board (SMB) are holding regular meetings to review the current position on a self assessment basis and working towards increasing the score in challenging areas. A project plan and associated resource allocation is also being prepared.

14. Several members of SMB recently met with Improvement East and the Improvement and Development Agency to discuss potential funding opportunities. Improvement East has a goal of working with all councils in their area with a Use of Resources score of 1 to enable them to increase their score by 2011. The council is currently working up a bid around procurement and asset management.

Performance Select Committee

Appendix One

Theme	Key Line of Enquiry (KLoE)	Criteria (the organisation)
Managing Finance		
	1.1 Planning for Financial Health	• integrates financial planning with strategic and service planning processes on a medium- to long-term basis; • engages local communities and other stakeholders in the financial planning process; • manages spending within available resources and is financially sound over the medium term; and • recognises individual and collective responsibilities for financial management and values and develops financial skills.
	1.2 Understanding costs and achieving efficiencies	• understands its costs, including whole life, transaction and unit costs, the main factors that influence these and how they link to performance; • takes account of this understanding of its costs and performance in decision making and commissioning; and • identifies the scope for making efficiencies and is on track to achieve planned efficiencies.
	1.3 Financial Reporting	• produces relevant, timely and reliable financial monitoring and forecasting information; • uses financial and related performance information to monitor performance during the year;

		• produces financial reports that are clear, relevant and concise to support strategic decision making; • 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; and • publishes reports that provide an objective, balanced and understandable assessment of the organisation's performance in the year.
Governing the Business		
	2.1 Commissioning and Procurement	• has a clear vision of intended outcomes for local people which shapes its commissioning and procurement, and is based on an ongoing analysis and understanding of needs; • involves local people, partners, staff and suppliers in commissioning services; • seeks to improve the customer experience, quality and value for money of services through service redesign, making effective use of IT; • understands the supply market and seeks to influence and develop that market; • evaluates different options (internal, external and jointly with partners) for procuring services and supplies; and • reviews the competitiveness of services and achieves value for money, while meeting wider social, economic and environmental objectives.

	2.2 Use of Information	• produces relevant and reliable data and works with partners to ensure the quality of partnership data; • understands the needs of its decision makers and provides them with information that is fit for purpose and is used to support decision making; • ensures data security and compliance with relevant statutory requirements; and • monitors performance against its priorities and targets, and addresses underperformance.
	2.3 Good Governance	• has adopted, promotes and demonstrates, the principles of good governance; • maintains focus on its purpose and vision; • demonstrates a strong ethical framework and culture; and • applies the principles and values of good governance to its partnership working.
	2.4 Risk Management and Internal Control	• has effective risk management which covers partnership working; • has a clear strategy and effective arrangements, including allocation of appropriate resources, to manage the risk of fraud and corruption; and • has a sound system of internal control including internal audit.

Managing Resources		
	3.1 Natural Resources	• understands and can quantify its use of natural resources and can identify the main influencing factors; • manages performance to reduce its impact on the environment; and • manages the environmental risks it faces, working effectively with partners.
	3.2 Strategic Asset Management	• has a strategic approach to asset management based on an analysis of need to deliver strategic priorities, service needs and intended outcomes; • manages its asset base to ensure that assets are fit for purpose and provide value for money; and • works with partners and community groups to maximise the use of its assets for the benefit of the local community.
	3.3 Workforce	• has a productive and skilled workforce; • knows in the medium to longer term what staff it will need, with what skills, and has plans to achieve this; • engages and supports staff in organisational change; and • has policies which support diversity and good people management.