

COMPREHENSIVE PERFORMANCE ASSESSMENT (CPA): USE OF RESOURCES AND DIRECTION OF TRAVEL

(Report by the Heads of Policy and Financial Resources)

1. INTRODUCTION

- 1.1 The purpose of this report is to provide the Panel with preliminary information on the results of two recent assessments which form part of the CPA process.
- 1.2 The Government is about to start a consultation on arrangements for revised form of CPA for District Councils. In the meantime interim arrangements involving both a "Use of Resources" and "Direction of Travel" assessments have been carried out with all District Councils.

2. BACKGROUND INFORMATION

- 2.1 The **Use of Resources** judgement is designed by the Audit Commission to assess how well Councils manage and use their financial resources. The assessment focuses on the importance of having resources available to support the Council's priorities and to improve services.
- 2.2 Specifically the assessment covers five themes -
- ◆ financial reporting;
 - ◆ financial management;
 - ◆ financial standing;
 - ◆ internal control; and
 - ◆ value for money
- 2.3 Each theme was scored by the Councils external Auditors – RSM Robson Rhodes – on a scale of 1-4, (1 equates to inadequate performance, 2 is adequate, 3 is good performance and 4 innovative practice).
- 2.4 Overall the Council achieved a judgement of **3** – good performance on the Audit Commissions scoring system. Compared with known results to date, the Council's performance was above average for financial management, financial standing and value for money and around the average for both financial reporting and internal control. There were no areas where the Council failed to achieve level 2 performance. The assessment suggested a small number of areas where consideration could be given to strengthening the Council's overall arrangement to build on its current good performance.
- 2.5 The **Direction of Travel Statement** is designed to assess the progress the Council has made on achieving priorities in the agreed

Improvement Plan which followed the CPA in 2004. The Direction of Travel Statement also examines the Council's performance against a range of national Best Value Performance Indicators. In this interim year the statement is not formally scored, but it recognises that the Council has developed detailed action plans for each improvement priority; established a Member Working Group to monitor progress; and comments on a number of areas where significant improvements have been achieved. Similarly the statement points to a number of areas where activity is still taking place to achieve improvements in accordance with detailed action plans.

3. THE NEXT STEPS

- 3.1 Both the Use of Resources Assessment and Direction of Travel Statement will be incorporated into the Auditors management letter. Each assessment will be used to either update existing action plans or as a basis for consideration of the cost benefit of further action to maintain or improve current levels of good performance.
- 3.2 It is planned that a formal presentation of the Auditors Management Letter, including these two assessments will be made by the Auditors at the meeting of the Panel scheduled for June 2006.

4. RECOMMENDATION

- 4.1 In the meantime the Panel are requested to note the receipt of these preliminary assessments and that consideration will be given to the actions necessary to address areas of improvement.

BACKGROUND PAPERS

Draft Direction of Travel Statement 2005/06 issued by the Audit Commission
Draft Use of Resources Judgement 2005/06 issued by RSM Robson Rhodes
Available from the Policy Division.

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