

**COMPREHENSIVE PERFORMANCE ASSESSMENT:
USE OF RESOURCES ASSESSMENT**

(Report by the Head of Policy)

1. INTRODUCTION

- 1.1 The purpose of this report is to provide the Panel with an opportunity to review progress in the achievement of the use of Resources Action Plan and approve the procedure for submission of a “value for money” self-assessment.

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 is scored by the Council's 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 Members will recall that for 2005/06. The Council achieved a judgement of **3** – good performance on the Audit Commission’s scoring system. 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 arrangements to build on its current good performance. These development areas were incorporated into an Action Plan (Appendix A) which was considered by the Panel earlier this year. The attached plan has been annotated using colour coding where –

- ◆ green means the action has been completed;
- ◆ amber means that it is on track to be completed;
- ◆ red means there is likely to be a delay.

- 2.5 An important element of the assessment process is a value-for-money self-assessment which has to be submitted by the end of September each year. As the Council scored highly in this section of the assessment last year it is required only identify any significant changes in performance against the “key lines” of enquiry and audit focus and provide supporting evidence.
- 2.6 Appendix B sets out a summary of the key changes will be used to update the Council’s existing self-assessment. Work will continue in preparing this assessment up to the end of the month to ensure that the information and evidence is as current and comprehensive as possible. As in the previous year, it is suggested that the Panel should authorise the Chief Executive, after consultation with the Chairman of the Panel, to submit the final version of the assessment document.

3. RECOMMENDATIONS

- 3.1 The Panel is recommended to –
- (a) to note progress in the achievement of the use of resources action plan;
 - (b) note the areas of change to be incorporated into the value for money self-assessment; and
 - (c) authorise the Chief Executive, after consultation with the Chairman of the Panel, to approve and submit the value for money self-assessment.

BACKGROUND PAPERS

Use of Resources Judgement 2005/06 issued by RSM Robson Rhodes
Available from the Policy Division.

Key Lines of Enquiry published by Audit Commission – www.audit-commission.gov

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APPENDIX A

KLOE 1.2: External Accountability		Key - Green = action completed, Yellow = on course, Red = will not be completed			
Ref	Recommendation	Priority:	Management Response	Responsibility	Timescale
3.7	The accounts should be subject to robust Member scrutiny/discussion either at the formal approval meeting or at another appropriate forum prior to approval	2	Robust discussion will be encouraged at the meeting of the Corporate Governance Panel which approves the accounts for audit.	Head of Financial Services	June 2006 Completed
3.10	A process of consultation should be carried out with a range of stakeholders to establish their requirements in respect of the publication of summary accounts or an annual report. <i>Note this is potentially subject to changes following the Audit Commission's consultation exercise</i>	2	The requirement has now been amended to " <i>The council can demonstrate that it is considering the views of a range of stakeholders in making its decision whether to publish an annual report</i> " The Huntingdonshire Strategic Partnership will therefore be consulted and the position reviewed in the light of their response.	Heads of Policy and Financial Services	October 2006
3.11	The publication of summary accounts that are intelligible and accessible to members of the public. <i>Note this is potentially subject to changes following the Audit Commission's consultation exercise</i>	2	The requirement has now been amended to " <i>The council publishes summary financial information that meets the needs of a range of stakeholders</i> ". A brief summary of the 2005/06 accounts will be included in the September edition of Districtwide and on the Council's website. Views of stakeholders, in relation to future years, will be sought in October (see	Head of Financial Services	September 2006 On Course

			above).		
KLOE 2.1: Medium Term Financial Strategy					
4.8	Evidence showing that all joint plans with partners are taken into account in the medium term financial strategy. The creation of a partnership register would help evidence the fact that all agreed plans had been taken into account.	3	Development of a partnership framework is underway	Head of Policy 2007	Adoption – October 2006 Implementation – October 2006- March
Ref	Recommendation	Priority:	Management Response	Responsibility	Timescale
4.8	The medium term financial strategy should model balance sheets and cash flows over a minimum of three years.	3	The requirement has now been amended to <i>“The medium-term financial strategy models balances and resource requirements over a minimum of 3 years”</i> . This requirement is already met.		
4.8	Evidence showing that the Council monitors and can demonstrate how its financial plans and strategies have contributed to the achievement of their corporate objectives.	3	This will form part of the enhancement of the Comprehensive Management Framework	Head of Policy and Financial Services	December 2006 May not achieve due to revised timetable in adopting corporate plan
KLOE 2.2: Performance against budget					
4.14	Risk assessments should be produced to inform the budget monitoring process.	2	To some extent these exist but they have not been recorded or formalised.	Accountancy Manager	October 2006

			This will be done.		
4.14	Action plans should be developed to support the reports on planned savings and efficiency gains.	2	A major exercise is currently underway to identify the savings required over the current and future years. This should result in the creation of action plans.	COMT	February 2007
4.15	There should be a regular, evidenced review of significant partnerships. The review should be linked to outputs and the results shared with partners and acted upon (note: this is currently a non-compulsory requirement).	2	Development of Partnership Framework underway. Review will take place	Head of Policy	Adoption – October 2006 Review and Implementation – October 2006 – March 2007
Ref	Recommendation	Priority:	Management Response	Responsibility	Timescale
4.15	Budget holder reports should be produced within the required ten days (note: this is currently a non-compulsory requirement).	2	Agreed	Accountancy Manager	10 August 2006
KLOE 2.3: Asset Management					
4.18	A process of benchmarking should be put in place to evaluate how the asset base contributes to the achievement of corporate and service objectives. In addition, the results of performance management and benchmarking should be communicated regularly to stakeholders.	3	This is a level 4 item. The Council is not convinced of the cost-effectiveness of this approach, but will review these processes	Head of Legal and Estates	December 2006 Progress to follow

4.18	An approach should be developed to enable the coordination of asset management information and its integration with relevant organisational financial information.	3	This is a level 4 item. This approach will be developed as part of the introduction of a new G&S/Assessment Management System which is underway	Head of Legal and Estates	March 2007 Progress to follow
Ref	Recommendation	Priority:	Management Response	Responsibility	Timescale
KLOE 3.1: Financial Standing					
5.7	Budget monitoring should include commentary on the current level of spend. Members should set targets for monitoring purposes.	3	Our basis of budgetary control is focussed on expected year-end variations so spend to date is not reported in summary reports to Cabinet though it is included in most reports to service managers. The main thrust of the item is about member targets, which are a level 4 item, and these will be considered in relation to the review and development of the Council's scorecard.	Head of Financial Services	October 2006
Ref	Recommendation	Priority:	Management Response	Responsibility	Timescale
5.7	Consideration should be given to determining and documenting the opportunity cost of the current policy on the required level of reserves. Consideration should also be given to the linked benefits of holding such reserves.	3	Requirement has been amended to: Level 3 <i>The council's policy for reserves and balances is based on a thorough understanding of its needs</i>	Head of Financial Services	February 2007

			<p>and risks, and is properly and clearly reported to members.</p> <p>Level 4</p> <p>Where target levels for reserves and balances are exceeded, the council has identified and reported to members the opportunity costs of maintaining these levels and compared this to the benefits it accrues.</p> <p>The financial position that the Council is in means that this subject is formally reviewed each year and the amended requirements should be achieved by minor changes to existing processes. The eventual level of minimum balances will also be considered in more detail this year and in future years.</p>		
Ref	Recommendation	Priority:	Management Response	Responsibility	Timescale
KLOE 4.1: Risk Management					
6.8	The risk management process should be reviewed annually. This review needs to be evidenced.	2	Agreed. Already completed for 2006. RM Group will review each May.	Risk Management Group	
6.8	Risks in relation to partnerships should be specifically identified.	2	This approach will be a key element of Partnership Framework	Head of Policy	March 2007
6.8	Members with specific responsibility for	2	Risk Management awareness training	Audit and	October 2006

	risk management should receive detailed risk management awareness training.		will be provided.	Risk Manager	
6.8	Corporate business risks should be presented to the Corporate Governance Panel and quarterly risk reports should be produced.	1	Reports will be made on a regular basis.	Audit and Risk Manager	September 2006
6.9	All staff should be given appropriate training and guidance to enable them to take responsibility for managing risk within their own working environment (note: this is currently a non-compulsory requirement).	2	Requirement has been amended to “appropriate staff” . Agreed	Audit and Risk Manager	March 2007
Ref	Recommendation	Priority:	Management Response	Responsibility	Timescale
KLOE 4.2: Systems of Internal Control					
6.13	Evidence that all reports presented to Members have been formally considered for legal issues, perhaps through a formal sign off being included on completed reports.	2	Enhancement of existing processes will be developed.	Heads of Legal and Estates, Administration and Policy	December 2006
6.14	An assurance framework should be put in place. The framework should provide information to support the SIC.	1	Investigation of methodology and assessment criteria will be undertaken and a decision taken on a process of assessment	Head of Administration	December 2006
6.14	Monitoring of compliance with standing orders, standing financial instructions and the scheme of delegation should be evidenced.	2	Enhancement of existing processes will be developed.	Heads of Legal and Estates, Administration and Policy	December 2006
6.15	An annual review of the authority's procedure notes	2	Requirement has been amended to	Audit and	March 2007

	should be completed and evidenced.		<i>“The procedure notes/manuals for key financial systems are reviewed and updated as appropriate”.</i> A system will be set up to formalise and record reviews.	Risk Manager	
Ref	Recommendation	Priority:	Management Response	Responsibility	Timescale
KLOE 4.3: Probity and Propriety					
6.18	An assessment should be undertaken of the standards of conduct, including details on compliance with the code of conduct, complaints made and action taken.	2	Investigation of methodology and assessment criteria will be undertaken and a decision taken on a process of assessment	Head of Administration	December 2006
6.18	Proactive fraud and corruption work should be undertaken. This should be determined by a formal risk assessment.	2	Risk assessment underway. Once completed the use and availability of resources will be considered. Any extra resource will be dependent on a corporate view of relative priority.	Audit and Risk Manager	September 2006
6.19	It should be possible to evidence that fraud and corruption work is adequately resourced. Given the lack of staff available for proactive work, it seems difficult to demonstrate that there are adequate resources in place.	2	See 6.18 above		
KLOE 5.1: Current Value for Money					
7.8	Continued analysis should be undertaken to evaluate and justify the reasons as to why the Council is relatively high spend when compared to others.	3	This and most other Value for Money items to be reviewed in more detail given the more significant changes in	Head of Policy Head of	Report to September Panel.

			this area.	Financial Services	
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Ref	Recommendation	Priority:	Management Response	Responsibility	Timescale
7.8	<p>The Council should continue to monitor slippage and variances from budget in relation to the capital programme with a view to minimising them as far as possible.</p> <p><i>This may be more relevant going forward in light of the pathfinder house decisions.</i></p>	3	The last review of the MTP was intended to ensure that capital spending targets were realistic. This and the current scheme of monitoring will continue. No additional action required.		
KLOE 5.2: Management of and Improvement in Value for Money					
7.11	There is scope to evidence more effective member challenge going forward.	3	This and most other Value for Money items to be reviewed in more detail given the more significant changes in this area.	Head of Policy Head of Financial Services	Report to September Panel.

**Use of Resources: Value for Money Self- Assessment
Significant changes/updates.**

Subject	Evidence
Spending Review	Financial Strategy.
Realignment of Services	Efficiency gains and cost savings.
Meeting efficiency targets	Efficiency Statement.
Range and quality of services – <ul style="list-style-type: none"> ❖ Meeting statutory duties ❖ Local needs ❖ Comparison with similar councils – justifying higher levels of expenditure as necessary. 	Opinion survey and research data. Cost comparison based on Audit Commission data. BVPI's
Embedding value for money	Service Review and new methodology – work to date. Changes in corporate objectives – work to date. Operation of Comprehensive Performance Management Framework.
Procurement – <ul style="list-style-type: none"> ❖ Achievement of economic, environmental and social objectives. ❖ Use of best procurement practices ❖ Joint work with others 	Economic development Service – keeping it local campaign with business partners. Economic Development Action Plan Overview and Scrutiny Panel. Huntingdonshire Strategic Partnership.
External Funding – <ul style="list-style-type: none"> ❖ Achievements ❖ Linking to strategic objectives 	Realignment of central support and associated support documents. 106 negotiation and monitoring Creative Industries Centre Ramsey Skills Project
Member Involvement and challenge	Review of corporate objectives PM training Spending review, particularly role of Overview and Scrutiny panel. Performance management reviews
Internal reviews	Service review of services contributing to safe and active communities priority.
Investment decisions	Results to show improvement in performance – <ul style="list-style-type: none"> ❖ Refuse and recycling ❖ Call Centre ❖ Procurement ❖ Risk management ❖ Performance Management.

