
REPORT TO:	FINANCE & MANAGEMENT COMMITTEE	AGENDA ITEM: 11
DATE OF MEETING:	16th FEBRUARY 2010	CATEGORY: DELEGATED
REPORT FROM:	DIRECTOR OF CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	JAYNE JONES (Ext. 5800)	DOC:
SUBJECT:	USE OF RESOURCES 2008/9 and 2009/10	REF:
WARD (S) AFFECTED:	ALL	TERMS OF REFERENCE: FM08

1.0 Recommendations

- 1.1 That Grant Thornton's Use of Resources Report and Recommendations for the Council for 2008/2009 shown in Appendix A are accepted.
- 1.2 The action plan addressing the recommendations are also shown in the above report.

2.0 Purpose of Report

- 2.1 To inform the Committee of the Grant Thornton's Use of Resources (UOR) assessment for the Council in 2008/2009 in that the Council has been assessed as level 3, "An organisation that exceeds minimum requirements, Performs Well".
- 2.2 To highlight the key messages from the report in Appendix A and to adopt the action plan in Appendix B in order to continue to improve in the way that the Council manages its resources.

3.0 Detail

Background

- 3.1 The Use of Resources (UoR) has, since 2005, become an annual assessment undertaken by the Council's External Auditor. It has been used to evaluate how well the Council manages and uses its financial resources, and how well it plans and manages its business.
- 3.2 It has been used by the Audit Commission as one of the indicators that judges the degree of improvements being made at the Council, and has been a significant part of the national Comprehensive Performance Assessment (CPA) framework.

- 3.3 The assessment focused on the importance of having sound and strategic financial management to ensure that resources are available to support the Council's priorities and improve services.
- 3.4 The scores for 2007 and 2008, with a comparison to 2005 and 2006, are shown in the following table :-

Scores for Each Theme

Key Lines of Enquiry (KLOE)	2007 & 2008 Score	2006 Score	2005 Score
Theme 1 – Financial Reporting			
• The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers	3	1	2
• The Council promotes external accountability	3	3	2
Overall Score – Financial Reporting	3	2	2
Theme 2 – Financial Management			
• The Council's medium-term financial strategy, budgets and capital programmes are soundly based and designed to deliver its strategic priorities	3	3	3
• The Council manages performance against budgets	3	3	3
• The Council manages its asset base	3	3	1
Overall Score – Financial Management	3	3	2
Theme 3 – Financial Standing			
• The Council manages its spending within the available resources	3	3	2
Overall Score – Financial Management	3	3	2
Theme 4 – Internal Control			
• The Council manages its significant business risks	3	3	2
• The Council has arrangements in place to maintain a sound system of internal control	3	3	3
• The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business	3	3	2
Overall Score – Internal Control	3	3	2
Theme 5 – Value for Money			
• The Council currently achieves good value for money	3	2	2
• The Council manages and improves value for money	3	3	2
Overall Score – Value for Money	3	2	2
Overall Score for SDDC	3	3	2

3.5 In 2008/9, the new requirements for Use of Resources came into place and form part of this Council's element of the Comprehensive Area Assessment (CAA).

3.6 There are 3 scored themes.

- ✓ Managing finances
- ✓ Governing the business, and
- ✓ Managing resources

A summary of the Key Lines of Enquiry (KLOE's) are:

Managing Finances

- ✓ The Council plans its finances effectively to deliver its strategic priorities and secure sound financial health.
- ✓ The Council has a sound understanding of its costs and performance and achieves efficiencies in its activities.
- ✓ The Council's financial reporting is timely, reliable and meets the needs of internal users, stakeholders and local people.

Governing the Business

- ✓ The Council commissions and procures quality services and supplies, tailored to local needs, to deliver sustainable outcomes and VFM.
- ✓ The Council produces relevant and reliable data and information to support decision making and manage performance.
- ✓ The Council promotes and demonstrates the principles and values of good governance.
- ✓ The Council manages its risks and maintains a sound system of internal control.

Managing Resources

- ✓ The Council is making effective use of natural resources (not required in 2008/9).
- ✓ The Council manages its assets effectively to help deliver its strategic priorities and service needs (not required in 2008/9).
- ✓ The Council plans, organises and develops its workforce effectively to support the achievement of its strategic priorities

Comprehensive Area Assessment (CAA)

3.7 The Use of Resources judgement from 2008/9 formed part of the new Comprehensive Area Assessment.

3.8 CAA assesses and reports on how well public money is spent and will ensure all local public bodies are accountable for their quality and impact.

3.9 CAA also looks at how well local services are working together to improve the quality of life for local people and will combine various inspections to give a County wide joint assessment of outcomes and sustainable improvements for local people.

Overall score

3.10 Overall, South Derbyshire District Council performs well

Managing Performance	3 out of 4
Use of Resources	3 out of 4
Managing finances	3 out of 4
KLOE 1.1 Financial planning	3 out of 4
KLOE 1.2 Understanding costs	3 out of 4
KLOE 1.3 Financial reporting	3 out of 4
Governing the business	3 out of 4
KLOE 2.1 Commissioning and procurement	2 out of 4
KLOE 2.2 Use of information and data quality	3 out of 4
KLOE 2.3 Good governance	3 out of 4
KLOE 2.4 Risk management and internal control	2 out of 4
Managing resources	2 out of 4
KLOE 3.1 Managing natural resources	N/A
KLOE 3.2 Asset management	N/A
KLOE 3.3 Workforce management	2 out of 4

Description of scores:

1. An organisation that does not meet minimum requirements, Performs Poorly
2. An organisation that meets only minimum requirements, Performs Adequately
3. An organisation that exceeds minimum requirements, Performs Well
4. An organisation that significantly exceeds minimum requirements, Performs Excellently

3.11 Grant Thornton has assessed the Council as meeting at least minimum requirements in all areas. The Council has been assessed at level 3 for managing finances and governing the business and level 2 for managing resources. In particular, the Council has good arrangements in place for financial planning and financial reporting. The Council also has good partnership arrangements in place for securing data quality and governance.

3.12 The Managing Performance assessment considers how well we are delivering our priority services, outcomes and improvements that are important to local people and focuses on whether we are:

- effective in identifying and delivering priority services and outcomes;
- improving the services and outcomes for which it is responsible;
- contributing to wider community outcomes; and
- tackling inequality and improving outcomes for people in vulnerable circumstances.

This assessment also considers whether we have the leadership, capacity and capability to effectively deliver future improvements. South Derbyshire District Council was inspected by the Audit Commission during August 2009 and was assessed as performing well i.e. level 3.

Both judgements were reported in late 2009 and they formed our overall Organisational Assessment part of the overall Comprehensive Area Assessment for Derbyshire, which was reported in December 2009.

3.13 This CAA judgement is split into two assessments.

- ✓ Organisational Assessment. This looks at how we as a Council are managing our Use of Resources and Managing Performance, covering how well we are delivering our services. A copy of our current Organisational Assessment can be found at:

<http://oneplace.direct.gov.uk/infobyarea/region/area/localorganisations/organisation/pages/default.aspx?region=49&area=336&orgId=1133>

- ✓ Area Assessment. Area assessments look at how well local public services are delivering better results for people in the area. Lots of evidence is used to come to conclusions - or judgements - about how well things are going now, and whether they will get better or worse in the future. The area assessments concentrate on the issues that are most important to each local area. They look at the impact public services have on people's lives, area assessments cover the same area as these services cover. In areas where there are more than one council, we report on the whole county in our case Derbyshire. A copy of the Area Assessment for Derbyshire is below.

<http://oneplace.direct.gov.uk/infobyarea/region/area/areaassessment/pages/default.aspx?region=49&area=336>

What next?

- 3.14 The Audit Commission has made a commitment that auditors' work on the 2009/10 use of resources assessment will be proportionate and build on existing evidence. To ensure continuity for Year 2 of the assessment, the use of resources framework, including the key lines of enquiry (KLOE), has not changed. However, the Commission expects auditors to take a risk-based approach that builds on the baseline established in 2008/09, against which auditors will assess progress.
- 3.15 For KLOE, assessed in 2008/09, auditors need to address two simple questions:
- What has changed in 2009/10? and
 - What difference have those changes made in practice?
- 3.16 At audited bodies, with KLOE scores of level 3 or level 4 in year 1, auditors will undertake only sufficient work to satisfy themselves that there has not been any deterioration in performance, and that the arrangements are still operating effectively. This should be a light touch exercise to refresh existing evidence.
- 3.17 The 2009/10 timetable for the completion of use of resources work by auditors at councils, police authorities and fire and rescue authorities has been brought forward to enable auditors to complete the bulk of the work by the end of the financial year to which the assessment relates. This is to reduce the overlap with the final accounts audit and smooth the workload to reduce the burden on audited bodies and auditors during September.

- 3.18 In 2009/10, there will be a change in the KLOE's assessed. South Derbyshire will now be assessed against whether we are making effective use of natural resources (KLOE 3.1) but will not be judged on whether the Council plans, organises and develops its workforce effectively to support the achievement of its strategic priorities (KLOE 3.3).
- 3.19 We have established a body of evidence for achieving the requirements of the Use of Resources assessment. This will be refreshed and updated with evidence gathered over the past 12 months and this will be a big part of our assessment in 2009/10.
- 3.20 This evidence will include case studies of where we consider we have notable good practice and will provide sufficient evidence in place to sustain a level 3 overall assessment.

4.0 Financial Implications

- 4.1 None associated directly with this report.

5.0 Corporate Implications

- 5.1 Whilst the Use of Resources Assessment maintains a focus on financial stewardship, the changes to the framework for 2009 broaden its scope. This will demand ongoing working across Service Units to ensure that the Council achieves the best possible outcome.

6.0 Community Implications

- 6.1 The Use of Resources Assessment presents a harder challenge for the Council. Its increased focus on outcomes for local people will further examine how the Council is able to demonstrate how it is delivering on the key priorities for the Community. It is therefore important to understand what the Community needs and work within our limited resources and with partners as appropriate on these issues.

7.0 Background Papers

Summarised Evidence Base 2009 –10

<http://harvey/corporate/organisationaldevelopment/policy/useofresources09/SummEvidenceUoR>