

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

27 SEPTEMBER 2007

REPORT OF THE DIRECTOR OF FINANCE

COMPREHENSIVE PERFORMANCE ASSESSMENT - USE OF RESOURCES ACTION PLAN

1. EXECUTIVE SUMMARY

1.1 This report provides an update on progress against the Use of Resources (UoR) action plan. This will be assessed in the forthcoming Use of Resources inspection to be undertaken by the Audit Commission and forms part of the Comprehensive Performance Assessment (CPA).

2. BACKGROUND

2.1 Use of Resources is assessed annually by the Audit Commission with this assessment providing a judgement on performance over five themes: financial reporting; financial management; financial standing; internal control and value for money. The UoR assessment feeds into the overall CPA scoring framework within which the UoR is classed as a level one assessment area, meaning that it has a high weighting within the overall CPA scoring matrix.

2.2 The UoR assessment provides scores between 1 and 4 for the five themes. Within the themes there are also eleven key lines of enquiry that are scored within the same range. The scores are classed as follows:

- 1 Inadequate performance
- 2 Adequate performance
- 3 Performing well
- 4 Performing strongly

2.3 The Cabinet on 24 January 2007 received the Audit Commission UoR assessment for 2006 in which the Council had been given an overall score of 2 and the score for each of the individual themes was also 2. The overall 2006 score remained unchanged from 2005 although there was a considerable improvement in the key lines of enquiry scores. Within the 2006 key lines of enquiry Wirral scored nine 2s and two 3s whilst in 2005 there had been no scores of 3 and a few scores of 1. The report also included a suggested Action Plan for 2007.

2.4 The 2007 UoR assessment is based upon evidence of progress as at 31 March 2007 and includes the annual audit of the Statement of Accounts which is due to be completed in September 2007. As in previous years it is an increasingly harder test regime with the required standards being raised and this was detailed in the report to Cabinet on 24 January 2007.

3. PROGRESS AGAINST USE OF RESOURCES ACTION PLAN

3.1 The UoR assessment covers a wide range of corporate activities beyond financial areas and is concerned with how the inspected body uses its resources at a corporate level. The key lines on enquiry and the action plan produced cover a range of areas and disciplines, which affect all departments within the Authority. The following is a summary of the progress made.

3.2 Financial Reporting

3.2.1 The Council produces annual accounts in accordance with standards and timetables supported by comprehensive working papers:-

- a) 2006/07 annual Statement of Accounts approved by the Audit and Risk Management Committee on 28 June 2007.
- b) Members of the Committee received a presentation on the Statement.
- c) Internal procedures for reviewing working papers were enhanced.
- d) The Audit of the Statement of Accounts is to conclude in September and will be reported to the Audit and Risk Management Committee on 27 September 2007.

3.2.2 The Council promotes external accountability:-

- a) A summary leaflet on the Statement of Accounts was circulated to the Audit and Risk Management Committee on 28 June 2007.
- b) Statement of Accounts plus the summary are on the Council web-site.
- c) The production of an Annual Report is under consideration.
- d) Area Forums are to be used to consult on the information given to local stakeholders.

3.3 Financial Management

3.3.1 The Medium Term Financial Strategy, budgets and capital programmes are soundly based and designed to deliver strategic priorities:

- a) Medium Term Financial Strategy 2007/10 was agreed by the Cabinet on 23 August 2006 and that for 2008/11 is on the agenda of this meeting.
- b) Budget 2007/08 was agreed by Council with a 4.1% Council Tax increase.
- c) Capital programme 2007/10 was confirmed as part of the budget.
- d) Investment Strategy for Wirral was agreed by Cabinet on 15 March 2007.
- e) Capital Strategy 2008/11 is on the agenda of this meeting.
- f) Council is reviewing the Corporate Plan and key priorities for 2008/11.
- g) Council is in the process of developing a three year Efficiency Plan 2008/11.

3.3.2 The Council manages performance against budgets:-

- a) Cabinet further enhanced the monitoring reports in 2006 and 2007.
- b) Monitoring reports are regularly presented on the identified volatile / risk areas.
- c) Monthly financial summary report to Cabinet and Finance and Best Value Committee Members.

3.3.3 The Council manages its asset base:-

- a) Asset register updated as part of the annual Statement of Accounts.
- b) Asset Management Plan update is on the agenda of this meeting.
- c) Reviews of office accommodation and cultural services are on-going.
- d) Council is reviewing the Corporate Plan and key priorities for 2008/11.

3.4 Financial Standing

3.4.1 The Council manages its spending within the available resources:-

- a) 2006/07 out-turn reported to Cabinet on 20 June 2007 showed an underspend.
- b) Level of General Fund balances increased in 2007/08 and will be again in 2008/09.
- c) Balance Sheet Management - review of reserves and provisions to Cabinet twice a year.
- d) Progress on income collection and reviews of debt recovery are included within General Financial Matters report to Finance and Best Value Committee.
- e) Medium Term Financial Strategy 2007/10 agreed by Cabinet on 23 August 2006 and that for 2008/11 is on the agenda of this meeting.

3.5 Internal Control

3.5.1 The Council manages its significant business risks:-

- a) Establishment of the Audit and Risk Management Committee from June 2006.
- b) Training courses provided for Members on the scrutiny role.
- c) Risk Management training for officers and Members in 2006 and 2007.
- d) Risk Management Strategy updated and is on the agenda of this meeting.
- e) Key partnerships were identified and risk assessed during 2006.
- f) Corporate Risk Register under review with a report to Cabinet due in September 2007.

3.5.2 The Council has arrangements in place to maintain a sound system of internal control:-

- a) Council Constitution is reviewed on an annual basis.
- b) Business continuity plans under Civil Contingencies Act completed.
- c) Establishment of Audit and Risk Management Committee from June 2006.
- d) Statement on Internal Control included in the Statement of Accounts.
- e) Identified key partnerships during 2006 and reviewed governance arrangements.

3.5.3 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business:-

- a) Establishment of Audit and Risk Management Committee from June 2006.
- b) Guidance on Whistleblowing policy available to contractors and staff on the Council web-site.
- c) Standards Committee promotes ethical behaviour with regular meetings.
- d) Progressed compliance with Council policies on gifts and hospitality.

3.6 **Value for Money**

3.6.1 The Council currently achieves good value for money:-

- a) Budget 2007/08 agreed by Council with a 4.1% Council Tax rise.
- b) Value for money review of Benefits and Revenues to be reported to Cabinet in September 2007.
- c) Identified areas of high cost in Adults and Childrens Services.
- d) To assess key indicators based upon the Corporate Plan 2008/11.

3.6.2 The Council manages and improves value for money:-

- a) Council is reviewing the Corporate Plan and key priorities 2008/11.
- b) Council is in the process of developing a three year efficiency Plan.
- c) Overall value for money report to be presented to Cabinet
- d) Council is developing a transformational change programme to accompany the investment in IT systems.

4. **FINANCIAL AND STAFFING IMPLICATIONS**

4.1 There are no direct financial or staffing implications arising from this report.

5. **LOCAL MEMBER SUPPORT IMPLICATIONS**

5.1 There are none arising directly from this report

6. **LOCAL AGENDA 21 IMPLICATIONS**

6.1 There are none arising directly from this report

7. **PLANNING IMPLICATIONS**

7.1 There are none arising directly from this report

8. **EQUAL OPPORTUNITIES IMPLICATIONS**

8.1 There are none arising directly from this report

9. **COMMUNITY SAFETY IMPLICATIONS**

9.1 There are none arising directly from this report

10. **HUMAN RIGHTS IMPLICATIONS**

10.1 There are none arising directly from this report

11. **BACKGROUND PAPERS**

11.1 Use of Resources Assessment – Audit Commission – December 2006.

12. **RECOMMENDATION**

12.1 That Members note the progress in delivering the Use of Resources Action Plan.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/198/07