

WIRRAL COUNCIL

FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

13 NOVEMBER 2007

REPORT OF THE DIRECTOR OF FINANCE

COMPREHENSIVE PERFORMANCE ASSESSMENT - USE OF RESOURCES

1. EXECUTIVE SUMMARY

1.1 This report provides a further update on progress in improving the Use of Resources Assessment. The assessment for 2007 is presently being completed by the Audit Commission and forms part of the Comprehensive Performance Assessment (CPA). The report also highlights the revised criteria that will be used by the Audit Commission in making the 2008 assessment.

2. BACKGROUND

2.1 The Use of Resources (UoR) assessment is made annually by the Audit Commission. The assessment provides a judgement on performance over five themes: financial reporting; financial management; financial standing; internal control and value for money. This 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 levels 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 was completed in September 2007. As in previous years it was an increasingly harder test regime with the required standards being raised as detailed in the report to Cabinet on 24 January 2007.

3. PROGRESS REPORT FOR 2007 ASSESSMENT

3.1 Cabinet on 6 September 2007 received a progress report that identified a number of actions that were on-going and required to be in place to ensure the Council was able to maintain or improve its UoR assessment. These can be summarised as:-

3.2 Financial Management

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

- a) Council is reviewing the Corporate Plan and key priorities for 2008/11.
- b) Council is in the process of developing a 3 year Efficiency Plan 2008/11.

3.2.2 The Council manages its asset base:-

- a) Reviews of office accommodation and cultural services are on-going.
- b) Council is reviewing the Corporate Plan and key priorities for 2008/11.

3.3 Internal Control

3.3.1 The Council manages its significant business risks:-

- a) Key partnerships were identified and risk assessed during 2006.

3.3.2 The Council has arrangements to maintain a system of internal control:-

- a) Identified key partnerships and reviewed governance arrangements.

3.4 Value for Money

3.4.1 The Council currently achieves good value for money:-

- a) Value for money review of Benefits reported to the Community and Customer Engagement Overview and Scrutiny Committee.
- b) Identified areas of high cost in Adults and Children's Services.
- c) To assess key indicators based upon the Corporate Plan 2008/11.

3.4.2 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 3 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. REVISED CRITERIA FOR 2008 ASSESSMENT

- 4.1 The Audit Commission has published revised criteria known as Key Lines of Enquiry (KLOE) to be used in the 2008 assessments which involve over 200 factors across the five themes. The 2008 assessment will measure procedures and activities that were in, or took place during, 2007/08 up to 31 March 2008. The assessment criteria require many features to be 'embedded' or widespread within the Authority for the criteria to have been judged to have been met. Again the assessment involves a 'harder test' so that Authorities must show improvement to remain at their current score.
- 4.2 The Comprehensive Performance Assessment is to be replaced from April 2009 by a Comprehensive Area Assessment (CAA). The CAA will involve a judgement of performance across the authority area and will be focused on outcomes involving not just the Authority but also its partners. The Audit Commission will still undertake a Use of Resources assessment of the Authority but the emphasis will increasingly be based upon outcomes achieved rather than processes in place and the 2008 criteria have been produced as a move towards this approach.
- 4.3 The key changes within the five themes, and the level to which they relate, are detailed below. Some involve the introduction of new criteria and others revisions to existing criteria.

4.3.1 Financial Reporting

No significant changes but lesser changes include:-

- Level 2. Auditor provides an unqualified opinion in the published statements.
- Level 2. Agendas, reports and Minutes of Council Committees and Scrutiny Panels are available in accessible formats.

4.3.2 Financial Management

- Level 2. The Council has undertaken equalities impact assessments of its strategies and understands the effect these and budget decisions will have on its diverse population. (New).
- Level 2. Medium Term Financial Strategy models 'resource requirements' as well as income and expenditure over 3 years.
- Level 3. Budget monitoring is related to operational activity indicators that are lead indicators of spend and is informed by a risk assessment.
- Level 3 Asset Management Plan provides clear forward looking goals showing how Council land and buildings will be used to deliver corporate priorities. Should show how property assets will be maintained, modernised and rationalised to ensure fit for purpose. (New).

- Level 3. The Council maintains a record of all of its land and buildings that contain accurate data on its efficiency, effectiveness, asset value and running costs, which can be used to support decision making on investment and disinvestment of property. (New).

4.3.3 Financial Standing

- Level 2. Reserves and balances policy is 'soundly based'. (Revised).
- Level 2. The Treasury Management Strategy is kept under review and performance monitored against it. (Revised).
- Level 3. Targets for Income Collection and recovery of arrears stretch performance and their achievement is monitored with appropriate corrective action taken during the year to achieve targets (New).

4.3.4 Internal control

- Level 2. Risk Management strategy is complied with. Change being that the compliance is added rather than the strategy being in existence
- Level 2. Register of business risks assigns individuals to lead on actions identified to mitigate each risk.
- Level 3. Members with responsibility for corporate risk management receive regular reports and take appropriate action to ensure business risks are being identified and effectively managed.
- Level 2. Council can prove Standards Committee members are preparing for their role in local investigations and determination and there are arrangements in place to support effective local investigations and determinations (New).
- Level 2. Comprehensive process to follow up all data matches under National Fraud Initiative (NFI). (Revised). At level 3 the prompt investigation of matches requires evidencing.
- Level 3. Standards Committee work is communicated to wider public. Also Council has taken effective action from issues arising from local investigations and determinations.
- Level 3. Whistle blowing policy is publicised and demonstrates Council's commitment to supporting whistleblowers. (Revised).
- Level 3. Proven frauds relating to public sector employees are shared with other bodies as per the NFI Information Exchange Protocol.

4.3.5 Value for Money

- Level 2. Costs are commensurate with the range, level and quality of services provided (Revised). Level 3 refers to low costs within the overall context.
- Level 2. Capital programme linked to service improvements (as well as priorities) and delivers outcomes, which are fit for purpose. Projects are usually completed on time, within budget and deliver the outcomes. For level 3 implication is that all projects do this.

- Levels 2/3/4 Council has some understanding/understands/understands and evaluates long term/whole life costs and benefits including environmental and social benefits and has some evidence/takes account of these when making decisions. (Level score depends upon where Authority is assessed to be at on the specific criteria).
- Partnership work to deliver VFM. Scale of use and understanding determines level of criteria met.
- Levels 2/3/4. IT. Council makes some use/uses IT to drive and enable business process change/has a strong track record of using IT and can demonstrate examples of significant service improvements including access or efficiency savings. All levels include reference to improving access to users. (All new).

4.4 Although many of the criteria contained within the new KLOE are currently being met a number will present challenges to the Authority. The key actions required have been added to the existing development actions and further progress reports will be submitted to Cabinet on progressing necessary actions required to be in place by 31 March 2008.

5. USE OF RESOURCES KEY ACTIONS

5.1 The UoR assessment covers a wide range of corporate activities beyond financial areas and is concerned with how resources are used at a corporate level. The KLOE cover a range of areas and disciplines, which affect all departments and the following is a summary of the key actions required to meet requirements for improving the current score. The 2007 assessment is currently taking place and the outcome of this will be known later in the year when any identified improvement areas will be incorporated.

Key Line of Enquiry Criteria	Key Actions	Responsible
Financial Reporting		
Produce annual accounts in accordance with standards and timetables, and supported by comprehensive working papers	Review of Closure of Accounts procedures to follow District Auditor's report on 2006/07 accounts	Finance
The Council promotes external accountability:	Further consultation required with stakeholders over financial reporting to gauge if an annual report is desired.	Finance and Corporate Services

Financial Management		
The Medium Term Financial Strategy, budgets and capital programmes are soundly based and designed to deliver strategic priorities	Corporate plan to be produced to set priorities, drive medium term financial strategy and internal resource allocation Efficiency plan to be produced	Corporate Services Chief Officers Co-ordinated by Deputy Chief Executive
The Council manages performance against budgets	Further development of key operational activity indicators incorporated within budget monitoring	Finance Chief Officers
The Council manages its asset base	Asset management plan linked to corporate priorities Continued improvements to asset information to show how assets will be used to deliver corporate priorities	Corporate Services Corporate Services
Financial Standing		
The Council manages its spending within the available resources	Efficiency plan to be produced Review of Income collection targets and then monitoring to ensure 'stretch' in performance is achieved	Chief Officers Co-ordinated by Deputy Chief Executive Finance
Internal Control		
The Council manages its significant business risks	Members with specific responsibility for corporate risk management receive risk management training Partnership risks identified and managed	Finance Chief Officers
The Council has arrangements in place to maintain a sound system of internal control	Partnership risks identified and managed	Chief Officers
The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business	Anti-fraud measures using data matching techniques developed and fraud details shared appropriately with other bodies Development of Standards Committee role in local investigations and determinations	Finance Corporate Services

Value for Money		
The Council currently achieves good value for money	Development of meaningful cost indicators and benchmarking criteria to measure service costs against other authorities High spend areas are in line with corporate priorities and result in improvements	Finance Corporate Services Chief Officers
The Council manages and improves value for money	Continued IT development to drive business change Partnership use evaluated and used to improve VFM	Finance Corporate Services Chief Officers

6. **FINANCIAL AND STAFFING IMPLICATIONS**

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

7. **LOCAL MEMBER SUPPORT IMPLICATIONS**

7.1 There are none arising directly from this report

8. **LOCAL AGENDA 21 IMPLICATIONS**

8.1 There are none arising directly from this report

9. **PLANNING IMPLICATIONS**

9.1 There are none arising directly from this report

10. **EQUAL OPPORTUNITIES IMPLICATIONS**

10.1 There are none arising directly from this report

11. **COMMUNITY SAFETY IMPLICATIONS**

11.1 There are none arising directly from this report

12. **HUMAN RIGHTS IMPLICATIONS**

12.1 There are none arising directly from this report

13. **BACKGROUND PAPERS**

13.1 Use of Resources Assessment – Audit Commission – December 2006.
Key Lines of Enquiry for Use of Resources 2008 Assessments – Audit Commission - August 2007.

14. **RECOMMENDATION**

- 14.1 That the progress in delivering improvements in the Use of Resources be noted and that further progress reports are brought to Cabinet.

IAN COLEMAN
DIRECTOR OF FINANCE

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