

WIRRAL COUNCIL

FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

24 MARCH 2009

REPORT OF THE DIRECTOR OF FINANCE

COMPREHENSIVE PERFORMANCE ASSESSMENT (CPA) - USE OF RESOURCES 2008

1. EXECUTIVE SUMMARY

- 1.1 The report informs Members of the Comprehensive Performance Assessment (CPA) Use of Resources assessment for 2008 which has recently been released by the Audit Commission.

2. BACKGROUND

- 2.1 The Use of Resources (UoR) assessment is undertaken annually in local authorities by the Audit Commission. An annual score is produced based upon a standard four point scale. The assessment each year follows a harder test principle with authorities having to improve year on year in order to retain the same level of scores. The scoring scale is detailed below:

| Score | Standard Scale |
|-------|---|
| 1 | Below minimum requirements - Inadequate performance |
| 2 | Only at minimum requirements - adequate performance |
| 3 | Consistently above minimum requirements - performing well |
| 4 | Well above minimum requirements - performing strongly |

- 2.2 The 2008 assessment is the last to be made under the CPA framework and relates to the 2007/08 financial year. The assessment covered five general themes shown below which were further sub-divided into key lines of enquiry:

| CPA | Theme |
|-----|----------------------|
| 1 | Financial reporting |
| 2 | Financial management |
| 3 | Financial standing |
| 4 | Internal control |
| 5 | Value for money |

- 2.3 From 2009 the Use of Resources will be assessed under the Comprehensive Area Assessment (CAA). Previous reports to Cabinet, most recently on 15 January 2009, have outlined the changes in the UoR assessment framework in accordance with the move from CPA to the CAA. This will involve a wider view of resources reflecting people, IT, data and environmental resources as well as financial resources.

3. USE OF RESOURCES SCORE 2008

- 3.1 The Audit Commission has assessed the overall UoR assessment for 2008 as level 3. This is an increase on the 2007 overall score which was a 2. The Commission has stated that the Council has demonstrated significant improvement during the 2007/08 assessment period. Two themes, Financial Management and Financial Standing, have increased scores whilst there were improvements in arrangements in the other themes. The table below compares the 2008 theme scores with the previous assessment:

| CPA | Theme | Score | Score |
|-----|--------------------------|----------|----------|
| | | 2007 | 2008 |
| 1 | Financial reporting | 2 | 2 |
| 2 | Financial management | 2 | 3 |
| 3 | Financial standing | 2 | 3 |
| 4 | Internal control | 3 | 3 |
| 5 | Value for money | 2 | 2 |
| | Overall UoR Score | 2 | 3 |

- 3.2 The scores can be further analysed over the key lines of enquiry (KLOE):-

| Summary of scores at theme and KLOE level | Score | Score |
|---|--------------|--------------|
| | 2007 | 2008 |
| Financial Reporting | 2 | 2 |
| 1.1. The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers | 2 | 2 |
| 1.2. The Council promotes external accountability | 3 | 3 |
| Financial Management | 2 | 3 |
| 2.1. The Council medium term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities | 2 | 3 |
| 2.2. The Council manages performances against budgets | 2 | 3 |
| 2.3. The Council manages its asset base | 2 | 2 |
| Financial Standing | 2 | 3 |
| 3.1. The Council manages its spending within the available resources | 2 | 3 |
| Internal Control | 3 | 3 |
| 4.1. The Council manages its significant business risks | 2 | 3 |
| 4.2. The Council has arrangements in place to maintain a sound system of internal control | 3 | 3 |
| 4.3. The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of the business | 3 | 2 |

| | | |
|---|----------|----------|
| Value For Money | 2 | 2 |
| 5.1 The Council currently achieves good value for money | 2 | 2 |
| 5.2 The Council manages and improves value for money | 2 | 2 |

4. FUTURE DEVELOPMENTS FROM THE 2008 REPORT

4.1 The Audit Commission report provides summary conclusions on each of the KLOE areas and also suggests areas for improvement. The 2009 Use of Resources assessment will be on a wider basis and will again feature a harder test. Improvements to the KLOE areas identified as scoring 2 in 2008 will be required to help maintain or improve upon the 2008 score.

4.2 The 2008 assessment was based on the 31 March 2008 position. Since then work has been undertaken to deliver further continuous improvement which will be reflected in future assessments. The following activities will assist in this:-

4.2.1 Financial reporting

Strengthening of the quality assurance processes to build upon existing arrangements; improvements to the timetabling and further training for Members to aid scrutiny of the statutory accounts process.

4.2.2 Asset Management

New Division created and additional resources employed; Strategic Asset Review undertaken involving wide public consultation, asset assessment work and regular reporting to Members on asset issues

4.2.3 Probity and Propriety

Ethical governance work with the Audit Commission as reported to Cabinet and Standards Committee, continuous review process for the Constitution and response to Public Interest Disclosure Act (PIDA) report.

4.2.4 Value For Money

Change programme implementation and review of priority areas, procurement strategy and implementation, Strategic Asset Review outcomes, on-going work on high cost areas identified from the Audit Commission Value for Money profiles.

4.3 The CAA UoR assessment will involve a harder test. The criteria within the scoring scale have also been altered with level four now defined as involving excellence and genuine leading edge performance, rather than performing strongly under the previous arrangements. It is clear that the arrangements present authorities with increased challenges to retain the current scores.

5. FINANCIAL AND STAFFING IMPLICATIONS

5.1 There are no direct financial or staffing implications arising out of this report.

6. EQUAL OPPORTUNITIES IMPLICATIONS

6.1 There are none arising directly from this report.

7. HUMAN RIGHTS 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. COMMUNITY SAFETY IMPLICATIONS

9.1 There are none arising directly from this report.

10. PLANNING IMPLICATIONS

10.1 There are none arising directly from this report.

11. LOCAL MEMBER SUPPORT IMPLICATIONS

11.1 There are no particular implications for any Members or wards arising out of this report.

12. BACKGROUND PAPERS

12.1. Use of Resources Wirral Borough Council Audit 2007-2008 - Audit Commission January 2009.

12.2 Comprehensive Area Assessment (CAA) - Use of Resources Project Brief - Audit Commission December 2008.

13. RECOMMENDATIONS

13.1 That the 2008 Use of Resources assessment be noted.

13.2 That regular reports be presented on progress on the 2009 Use of Resources assessment.

IAN COLEMAN
DIRECTOR OF FINANCE