

Meeting:	Performance & Finance Sub-Committee
Date:	16 November 2009
Subject:	Use of Resources Improvement Plan
Responsible Officer:	Alex Dewsnap, Divisional Director, Partnership Development and Performance
Portfolio Holder:	Cllr Paul Osborn, Performance, Communication and Corporate Services Portfolio Holder
Exempt:	No
Enclosures:	None

Section 1 – Summary and Recommendations

This report summarises the process for the conclusion of the Use of Resources assessment in 2009 and reviews progress with the Improvement Plan.

Recommendations:

That the Sub-Committee:

- 1) Note the report
- 2) Consider what further involvement they wish to have in the development of the Improvement Plan

Section 2 – Report Background

A Challenge Panel was held in April 2009 to review the Council's draft self-assessment for the Use of Resources judgement under the framework of the first Comprehensive Area Assessment (CAA). Cabinet on 16 July 2009 agreed the Panel's six recommendations, most of which applied to the finalisation of the document and have been implemented. Two related to improvement planning specifically and these were:

- Whilst improvement priorities must be realistic and achievable, they must also be aspirational; and
- that the improvement priorities eventually incorporated in the self assessment are grounded in a clear understanding of residents' priorities

Both of these have been taken into account where able to do so in the development of the improvement plan. For example the Council's approach to business continuity or information management are not explicitly related to resident priorities, although good governance ensures that the organisation operates effectively and therefore delivers resident priorities.

The self-assessment was submitted to the Council's external auditors, Deloitte Touche, in May. Scores for the three main themes (Managing Finances, Governing the Business, Managing Resources) will be published by the Audit Commission on 10 December on its "One Place" website and through press releases, as part of the CAA results.

The process used to compile the self-assessment involved identifying sponsors for each theme and lead officers for each Key Line of Enquiry (KLOE) within the Audit Commission's assessment framework. This arrangement has been continued in order to construct and implement an Improvement Plan, based around the gaps and potential improvements identified in the course of the self-assessment work and through discussions with Deloitte Touch through the audit process. The Panel requested that Members be kept apprised of the Improvement Plan as it was developed, and given an opportunity to shape it.

The criteria for the 2009 Use of Resources are set out below:

- KLOE 1: managing finances - How effectively does the organisation manage its finances to deliver value for money?
- KLOE 2: governing the business - How well does the organisation govern itself and commission services that provide value for money and deliver better outcomes for local people?
- KLOE 3: managing resources - How well does the organisation manage its people, natural resources (i.e. resources that occur naturally on the earth, which the organisation in the conduct of its own operations either consumes directly, or impacts upon, such as water and energy) and physical assets, to meet current and future needs and deliver value for money?

Each of these KLOEs is broken down into further areas of focus.

The following table sets out for each of the KLOEs in more detail the key areas identified through the self assessment process and auditor feedback where improvements should be considered (the leads for each KLOE are also identified):

Ref	KLOE (Lead officer)	Improvement Areas and Actions taken to date
1	Managing Finances	
1.1	Financial Planning (Myfanwy Barrett)	Build on the existing budget and service planning process, which is in progress now, and consideration of financial modelling beyond the 3 year period of the Medium Term Financial Strategy.
1.2	Understanding costs (David Harrington)	Continue to use Value for Money information in service planning (currently provided through CIPFA) and ensure that it remains embedded in the Council's quarterly Improvement Boards and decision making processes.
1.3	Financial reporting (Myfanwy Barrett)	Improve on public reporting of social and environmental impact. The recently published 'Your Money' booklet incorporates information about environment and social impact of Council activity.
2	Governing the Business	
2.1	Commissioning & procurement (Mark Gillett)	Improvements identified relate to more formally articulating procurement policies and specific areas of procurement/commissioning. Progress is being made on this.
2.2	Use of information (Alex Dewsnap)	Identified improvements were around setting out the policies to reflect best practice guidelines for information management and security and improvements in data quality. Good progress made in the area of Information Management; arrangements are in place to ensure that data quality across the Council is at a good level.
2.3	Good governance (Hugh Peart)	Consideration of how to ensure a universal take up of members' training; an ethical governance review is to be completed in early 2010.
2.4	Risk management (David Ward)	A new strategic risk action plan format is now monitored quarterly by Corporate Strategy Board; business continuity and IT Disaster recovery arrangements.
3	Managing resources	
3.1	Natural resources	This element will not be assessed in

	(John Edwards)	2010: the score from 2009 will be brought forward. A Climate Change Strategy has now been adopted by the Council and further specific actions will now be identified.
3.2	Managing assets (Andrew Trehern/ Mike Brown)	Although not highlighted in the improvement plan, the Council's property review as part of the Better Deal for Residents Programme will contribute to this area.
3.3	Workforce (Jon Turner)	This element was omitted in 2009 and will be assessed for the first time in 2010. A wide programme of actions is being progressed under the themes of workforce planning, skills development planning, recruitment, addressing performance, rewards, benchmarking, equalities and diversity and organisational change & staff engagement.

A score for each theme is calculated by averaging the scores for its constituent KLOEs. This is required to be a whole number and rounding therefore occurs. The Governing the Business theme has four KLOE. If the average of the KLOE scores results in a score of 1.5, 2.5 or 3.5, the Audit Commission has specified that the score on Use of Information will determine the rounding. If the score for Use of Information is higher than the average for the theme, the average will be rounded up to the next whole number; and the converse. Thus Use of Information is weighted relative to the other KLOEs and requires particular attention. The other themes will have odd numbers of KLOEs in 2010 and no such provision is required.

For the 2010 assessment, it has been agreed with the auditors that the Council's progress against its Improvement Plan will be used instead of a separate self-assessment. It is therefore important to ensure that the Plan is as comprehensive and robust as possible. Progress in developing the plan is currently being reviewed with KLOE Leads. For KLOEs 2.1, 2.2 and 3.3, to ensure that the actions in the Improvement Plan match as closely as practical to Audit Commission expectations for a high performing authority, Deloitte Touche have been commissioned to provide a half-day workshop for each with the KLOE leads and other relevant parties.

Should the Sub-Committee wish to consider further Scrutiny as the plan is developed, a suitable opportunity might be after the completion of the current updating and workshop activity and the publication of scores, but before the next audit which is due to start at the end of February 2010. Workshops will be completed by the end of November. Should members wish to be involved, they may wish to consider how this would best be achieved, whether by reconvening the Challenge Panel or another way. If the Challenge Panel were to be reconvened, the best timing for it to add value would be in December 2009, in order to feed in any improvements before the audit work begins in February.

Performance Issues

The Use of Resources assessment is part of the Comprehensive Area Assessment (CAA). The CAA is made up of two elements: an Organisational Assessment of local statutory bodies, i.e. the Council, the Primary Care Trust and the Police; and an Area Assessment which is a judgement on how public services are delivering outcomes for local people and communities. The Organisational Assessment is split into two further elements: Managing Performance and the Use of Resources. For each of these two elements a score from 1-4 is given, which will feed into an overall score for the Organisational Assessment.

Although a judgement on Use of Resources has been an integral part of the Audit Commission framework for some years now, the 2009 criteria have been broadened and made more 'challenging'. The process for reaching the judgement for Use of Resources has also changed for 2009, where there is less reliance on detailed Key Lines of Enquiry covering the expectations of each 'score' and more of a 'rounded judgement' against the full range of evidence available.

Environmental Impact

The Use of Resources criteria include for the first time this year a section on the management of natural resources and how the Council (with partners) is managing towards operating on a more environmentally sustainable footing. The key elements of this from the Use of Resources criteria are set out below:

'Is the organisation making effective use of natural resources?' Focus is on whether the organisation:

- understands and can quantify its use of natural resources and can identify the main influencing factors;
- manages performance to reduce its impact on the environment; and
- manages the environmental risks it faces, working effectively with partners.'

Risk Management Implications

Risk management arrangements are part of the Use of Resources criteria. These are being considered in the development of the improvement plan. Any significant risks highlighted through this process will be integrated into existing risk registers.

Risk included on Directorate risk register? Yes

Separate risk register in place? No

Section 3 - Statutory Officer Clearance

Not required for this report.

Section 4 - Contact Details and Background Papers

Contact: Alex Dewsnap, Divisional Director, Partnership Development and Performance. 020 8416 8250

Background Papers: Audit Commission guidance: Use of Resources Key Lines of Enquiry

If appropriate, does the report include the following considerations?

1.	Consultation	YES
2.	Corporate Priorities	YES