

Meeting: AUDIT COMMITTEE

Agenda Item:

Date: 14 December 2009

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EXTERNAL AUDIT USE OF RESOURCES REPORT 2009

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1. PURPOSE

- 1.1 To advise Members on the the Council's External Auditors (Grant Thornton) Use of Resources Report.

2. RECOMMENDATION

- 2.1 That the Use of Resources Report (Appendix One) be noted.
- 2.2 That the Action Plan (Appendix A , Use of Resources Report) agreed with the Council be noted.

3. BACKGROUND

3.1 USE OF RESOURCES REPORT 2009

- 3.1.1 Under the Code of Local Government Audit Practice each year the Council's appointed External Auditors are required to issue a report on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The report attached at Appendix One, is the result of the Council's External Auditors value for money and use of resources work relating to 2008/09.
- 3.1.2 In 2009, a new framework and methodology for Use of Resources (UoR) assessments was introduced. The new assessment is intended to bring a more robust framework, based on different scoring criteria. The scoring criteria for the UoR assessment is shown at Appendix C to the UoR Report.

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 Use of Resources Report 2008/09

4.1.1 The Council's UoR scores for the three assessed themes are shown on Page one of the UoR report and summarised in the table below:

| Theme | 2008/09 Score |
|--------------------------|---------------|
| 1.Managing Finances | 2 |
| 2.Governing the business | 2 |
| 3.Managing Resources | 2 |

4.1.2 The Council was assessed as meeting the minimum requirements in all three themes. The assessment however highlighted that the Council is not yet in a position 'to target funds for re-investment in services as the immediate priority is to achieve savings targets'.

4.1.3 There were a number of key actions arising from the assessment and the Council has an Action Plan which is included as Appendix A to the UoR report. Key actions include:

- Demonstrating financial outcomes from key decisions taken by the Council across all significant service provided by the Council.
- Ensuring that savings are identified and actions plans put in place to make sustainable savings for the medium to longer term. This is particularly important given expected future decreases in funding of public services and the need to demonstrate robust business planning in all areas of Council activity.
- Demonstrating that the wider community is impacted through commissioning and procurement decisions, through a variety of social, economic and environmental objectives.
- Enhancing current internal reporting processes to ensure that specific Council actions are incorporated so that the success of initiatives and service reviews can be measured. Internal reporting processes should also incorporate staff satisfaction and effectiveness indicators.

4.1.4 The Action Plan (Appendix A to the UoR report) has two high priority recommendations, these are shown in the table below:

| Audit Recommendation | Implementation Details |
|--|---|
| Demonstrating material outcomes from actions taken by the Council. | The 2010/11 budget setting process identified a budget gap of £1.375m. The focus will continue to be on the delivery of outcomes for the community. £1.6m of savings has been identified for 2010/11 and £770,000 of this relates to changes in support services. In addition, growth bids agreed have focussed on delivery of strategic priorities, such as responding to the impact of the recession in our community. We are also estimating a contribution to Balances in the 2010/11 budget to expand capacity, which will help us achieve our ambition, 'Move towards excellence' |
| Reporting outcomes from risk management | The Council is currently reviewing Programme and Project Management arrangements. The consideration of risk will form an integral part of project management arrangements. Success in achieving milestones and delivering outcomes on major projects will be monitored as part of this process and reported using the Balanced Scorecard. |

5. IMPLICATIONS

5.1 Financial Implications

There are no direct financial implications arising from this report.

5.2 Legal Implications

None identified at this time.

5.3 Risk Implications

None identified at this time.

5.4 All the services identified in the report have their own Equalities and Diversity Implications assessments, which are regularly reviewed where appropriate.

BACKGROUND DOCUMENTS

None.

APPENDICES

Appendix A - Use of Resources Report 2009.