

## **INDICATIVE STAGE USE OF RESOURCES REPORT**

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### **REASON FOR REPORT**

This indicative stage report by Paul Hutt, Senior Audit Manager Deloitte, details Deloitte's assessment of the Council's performance under the Use of Resources assessment, which formed part of the Comprehensive Area Assessment (CAA). Deloitte have recognised the significant improvements made by the council and have increased the overall score to 3 out of 4.

On 26 May 2010 it was confirmed by the Audit Commission that following the abolition of the CAA that all audit work on the Use of Resources assessment would cease with immediate effect. This report, therefore, provides valuable feedback on progress since last year's assessment 4 and highlights several areas of focus for future improvement.

### **RECOMMENDATIONS**

The Committee is asked to note the report.

### **CONTEXT**

During 2008 the revised Use of Resources assessment, under the CAA regime was introduced and 2009 was the first full year of this assessment and the council scored a 2 overall. The assessment focuses on three key themes:

- Managing Finances
- Governing the Business
- Managing Resources

On 26 May 2010 it was confirmed by the Audit Commission that following an announcement by the government that the CAA was to be abolished. As a result all local authorities were instructed to stop all work on Use of Resources assessments. However, by the date of the announcement, Hillingdon had substantially completed their assessment submission for 2010 and Deloitte had completed their interim review of that assessment. This report, therefore, provides Audit Committee with the results of that review and the significant improvements since the last assessment.

Whilst the Use of Resources assessment has been abolished, the Key Lines of Enquiry (KLOEs) of the assessment are the basis of a very useful improvement plan, identifying main of the key areas on which the council should focus future improvement plans. As a result work on these areas will continue and the Deloitte report findings will be fully incorporated into Council improvement plans.

## INTERIM REPORT FINDINGS

The interim scores for the 3 areas are as follows:

Theme	KLOE	2009/10 Indicative Score	2008/09 Indicative Score
Managing Finances	Financial Planning	3	3
	Value for Money	3	2
	Financial Reporting	3	3
Theme Score		<b>3</b>	<b>3</b>
Governing the Business	Procurement & Commissioning	2	2
	Data quality	3	2
	Governance	3	2
	Risk Management	3	2
Theme Score		<b>3</b>	<b>2</b>
Managing Resources	Natural resources	2	2
	Asset Management	3	2
	Workforce	3	n/a
Theme Score		<b>3</b>	<b>2</b>
<b>Overall Score</b>		<b>3</b>	<b>2</b>

The overall score for the council has improved from a 2 last year to a 3 this year and as reported by Deloitte the significant improvement in the KLOE scores is a noteworthy achievement. Officers recognised the relevance of the KLOEs to the councils overall improvement and have developed processes and services using these KLOEs as a guide. Of particular note is the sustained performance in financial management, with the value for money KLOE increasing to a score of 3; considerable improvements have been made across the whole range of the governing the business KLOEs, with only one KLOE now scoring 2; and in the managing resources theme, workforce planning was assessed for the first time and the award of a score of 3 gives credit to the very strong performance in this area.

The report makes recommendations for further improvements in 4 key areas:

- The use of benchmarking should be enhanced to assist in understanding of costs and our use of information;
- A council-wide procurement strategy should be developed and published;
- Processes to evaluate the effectiveness of toolkits should be developed; and
- The Counter Fraud and Corruption strategy should be updated.

Officers fully accept these recommendations and will address these issues by incorporating into future development plans.

## **FINANCIAL IMPLICATIONS**

Then scale of fees for the assessment work for 2009/10 was agreed at £66,000 for Use of Resources and a further £20,000 for the Organisational Assessment element of the CAA. We recognise that Deloitte have substantially completed the use of resources work and will agree a revised fee for the 2009/10 assessment, however, as the Organisation Assessment work has not been completed, the council expects this element not to be charged.

Going forward, the 2010/11 scale of fees were agreed as £56,500 and £20,000 respectively, which should deliver savings to the council although there is no clarity as yet on whether any further assessment will replace CAA.