

INTERIM USE OF RESOURCES REPORT

Contact Officer: Nancy Le Roux
Telephone: 01895 250353

REASON FOR REPORT

This interim report by Paul Hutt, Senior Audit Manager Deloitte, details Deloitte's interim assessment of the Council's performance under the new Use of Resources assessment, which forms part of the Comprehensive Area Assessment (CAA). The report provides interim feedback and guidance on areas of improvement both for the final assessment in August for the 2008/09 year and for future years' assessments.

RECOMMENDATIONS

The Committee is asked to note the report.

BACKGROUND

During 2008 the revised Use of Resources assessment, under the new CAA regime was introduced. The assessment focuses on three key themes:

- Managing Finances
- Governing the Business
- Managing Resources

The overall aim is to assess how well organisations are managing and using their resources to deliver value for money and better and sustainable outcomes for local people. The main differences from the previous assessment are:

- The emphasis is on a rounded professional judgement against the headline KLOE
- The assessment moves from a checklist of criteria to illustrative characteristics of performance
- There is greater focus on outcomes and less focus on prescriptive arrangements and processes
- Guidance indicates that scores of 4 out of 4 are reserved for excellence and genuine leading edge performance.

Under the previous assessment a very high number of councils were achieving 3 and 4 for their Use of Resources score. In designing the new assessment, one of the aims of the Audit Commission was to make the assessment a harder test in order to rebase all the scores, essentially moving 4 to 3 and 3 to 2.

As detailed in the report, arrangements for the formal assessment were being developed simultaneously with the implementation of the assessment and very late in the process the final timetable was produced. Prior to this, officers had formulated detailed plans to undertake the assessment over the summer and were only notified in March that submission had to be completed by the end of April. As a result some areas were not as comprehensively addressed as officers would have wished,

however, Deloitte have commented on the high quality of the assessments, particularly in light of the very tight timetable.

INTERIM REPORT FINDINGS

The interim scores for the 3 areas are as follows:

Overall Area	KLOE	Interim KLOE score	Interim Theme score
Managing Finances	1.1 Planning for financial health	3	2
	1.2 Understanding costs and achieving efficiencies	2	
	1.3 Financial Reporting	2	
Governing the business	2.1 Commissioning and procurement	2	2
	2.2 Use of information	2	
	2.3 Good governance	2	
	2.4 Risk management and control	2	
Managing resources	3.1 Natural resources	2	2
	3.2 Strategic asset management	3	

Each of the above 10 KLOEs are further split into sections each of which are scored and those scores are explained throughout the report.

The interim findings assess the Council with an overall score of 2, which is lower than last year's score of 3, but not unexpected given the challenges posed by the new assessment. The score for 1.3 relies on the outcome of the audit of the accounts and as such the interim score is based on last year's experience. This will be reassessed during July as the audit of the accounts proceeds. This score, therefore, has the potential to increase to a 3, which would also increase the Managing Finances theme score to a 3.

The reports provides guidance on a few areas within the KLOES where there is a possibility that individual section scores could be reassessed to a 3 in the final 2008/09 assessment if further evidence were provided. This applies to 5 areas, which are detailed on page 2. It should be noted that this will not increase the overall score of 2, it will, however, put the council in a stronger position going into the 2009/10 assessment.

STEERING GROUP COMMENTS

Officers welcome the clear, comprehensive guidance and feedback detailed within the report. It is encouraging to receive such a very detailed report, clearly explaining the areas for improvement and making recommendations for further work to assist in future assessments. It is also evidence of the good working relationship which has been developed between Hillingdon officers and the Deloitte auditors in the short time we have been working together.

The interim results identify real potential for the council to increase its overall score to 3 during 2009/10. Whilst an overall 3 may yet be achieved in Managing Finances in 2008/09, there are clear indications of how we can improve the 1.2 KLOE score to 3 next year, which would result in an achievement of a score of 3 in each element. Likewise, adoption of the recommendations for improvement in KLOEs 2.3 and 2.4 could help the achievement of an overall score of 3 in Governing the business. As a totally new area of assessment, there was no potential to achieve more than 2 for KLOE 3.1 and our understanding is that no council will achieve higher than a score of 2. Asset management, KLOE 3.2, achieved scores of 3 in each element and offers some real scope to achieving a score of 4 in 2009/10.

Overall the assessment process was more positive and helpful, albeit very demanding on officers, with Deloitte taking a very supportive approach, offering guidance and assistance. Both parties have learned from the experience which places the Council in a good position to improve going forward.

LEGAL IMPLICATIONS

There are no legal implications arising from this report.

BACKGROUND PAPERS

Audit Commission: Use of Resources 2008/09 – Overall Approach and key lines of enquiry – May 2008