

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

14 February 2008

Report of the Chief Executive and Director of Finance

Part 1- Public

Matters for Information

1 USE OF RESOURCES ASSESSMENT 2007 RESULTS AND USE OF RESOURCES 2009 CONSULTATION PAPER

The purpose of this report is to inform Members of the results of the Use of Resources Assessment 2007 and our proposed response to the Use of Resources 2009 Consultation Paper.

1.1 Use of Resources Assessment 2007 Results

- 1.1.1 The Audit Commission is an independent body responsible for ensuring that public money is spent economically, efficiently and effectively, to achieve high-quality local services for the public. They work to ensure that public services are good value for money and that public money is properly spent.
- 1.1.2 The Use of Resources (UoR) assessment evaluates how well local authorities manage their financial resources to support their strategic priorities, improve services and deliver value for money. The assessment is carried out each year and focuses on the importance of strategic financial management, sound governance and effective financial reporting arrangements and is an important part of the Comprehensive Performance Assessment (CPA) framework.
- 1.1.3 The overall UoR assessment is made up of five themes. There is an overall score and a score for each of the five themes of between 1 and 4 (4 being the highest). We received an overall score of 4 which is described as "*Well above minimum requirements – performing strongly*". The scores for each of the five themes for 2007 (2006) are given below.

Financial Reporting	4 (4)
Financial Management	4 (3)
Financial Standing	4 (3)
Internal Control	3 (3)
Value for Money	3 (3)
OVERALL	4 (3)

1.1.4 I think it is fair to say that the Use of Resources Assessment 2007 is very positive showing an improvement on the previous year. Reading from the report, attached at **[Annex 1]**, the key messages are:

- The Council has continued to improve in all the key areas and has achieved an overall Use of Resources score of 4 in 2007. Most notably, the Authority scored a level four in Financial Reporting, Financial Management and Financial Standing and maintained a level three in both Internal Control and Value for Money.
- Some improvement areas have been identified against each Key Line of Enquiry and have been incorporated into the detailed assessments in this report.

1.1.5 Since the reporting of the results to Cabinet on 5 February 2008, the Audit Commission has published the overall results for the UoR assessment for 2007. Tonbridge & Malling Borough Council is mentioned in this document (on pages 15 and 19) as a high performer. Members may find it interesting to view the full report which can be found at the following address:

<http://www.audit-commission.gov.uk/Products/NATIONAL-REPORT/8E8772E7-A404-4528-B007-215940E6B815/SummaryofUoRscores28Jan07REP.pdf>

1.1.6 Officers are currently considering the improvement areas identified within the report and also the impact of changes made to the UoR assessment for 2008.

1.2 Use of Resources 2009 Consultation Paper

1.2.1 The consultation paper gives details of the proposed changes to the UoR assessment process from 2009 in order to align the assessment with the move from the current CPA framework to the CAA regime (see report to Cabinet on 16 January 2008 – Comprehensive Area Assessment – Consultation).

1.2.2 The consultation paper can be found at the following address:

http://www.audit-commission.gov.uk/Products/NATIONAL-REPORT/54B17295-BA67-454d-9255-88089F70BDA3/UofR2009_22Nov07REP.pdf

Our response can be found at **[Annex 2]** with a return date of 15 February 2008.

1.2.3 It is proposed that the overall judgement will be based upon the following three themes:

- Managing money - using the value for money profile tools that have been developed, it assesses how well costs compare with similar organisations, link to performance and has changed over time. The theme will assess how organisations use this information to support their decision making and to identify and secure efficiencies. It will also assess how effectively those affected by spending decisions are given the opportunity to understand and influence those decisions.

- Managing the business - will assess the quality of leadership in bodies in setting clear priorities and arrangements for their effective delivery. It will place new emphasis on current national priority issues such as those stated by Strong and Prosperous Communities including commissioning and procurement and working effectively with partners.
- Managing other resources - will assess how organisations are using their natural, physical and human resources to support delivery of their priorities and to achieve value for money in a sustainable way. It will assess whether organisations have a strategic approach to minimising their impact on the environment, and how well they are tackling climate change. Asset management has a stronger strategic focus than currently and reflects best practice to manage assets strategically and optimise their use for the community.

1.2.4 The component of value for money will be embedded throughout the Key Lines of Enquiry and judgements will in future give a stronger emphasis to outcomes for local people and the delivery of value for money achievements. Scoring will be as at present on the current 1 - 4 rating (4 being the highest).

1.2.5 The proposed changes to the UoR assessment is of concern in that they appear to represent a considerable widening of its scope compared to the existing approach of focusing on financial matters and value for money issues to 'corporate health' issues more akin to the corporate assessment required for CPA. This does not seem to sit well with the recent emphasis on the introduction of more 'light touch' inspections.

1.2.6 If we are to see a widening of the scope along the lines outlined there is a need for a proportionate approach to future inspection based on an assessment of risk or failure and we will be responding to the consultation paper accordingly.

1.3 Legal Implications

1.3.1 None.

1.4 Financial and Value for Money Considerations

1.4.1 As set out above.

1.5 Risk Assessment

1.5.1 The work of the Audit Commission gives an independent and informed opinion of how well the Council manages and uses its resources and is an important component of the Council's accountability to its residents and council taxpayers. The judgements contained in the report demonstrate that the Council continues to perform in a manner that befits its status as an 'Excellent' Council.

1.5.2 Future levels of external inspection can represent a significant drain on Council resources. The current level of proposed inspection appears to be excessive

when taking into account likely risk. There is, therefore, a need to ensure that the process is made more proportionate to that risk.

Background papers:

contact: Paul Worden
Neil Lawley

Nil

David Hughes
Chief Executive

Sharon Shelton
Director of Finance