

REPORT TO CABINET

REPORT OF: Director of Finance and Strategic Resources

REPORT NO: FIN256

DATE: 6 February 2006

TITLE:	REVIEW OF THE COUNCIL'S AMBITION IN THE LIGHT OF THE REVIEW OF USE OF RESOURCES ASSESSMENT
FORWARD PLAN ITEM:	
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	16 January 2006
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	POLICY FRAMEWORK PROPOSAL

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	COUNCILLOR T BRYANT
CORPORATE PRIORITY:	CORPORATE GOVERNANCE

Introduction

1. The purpose of this report is to inform the Cabinet of the steps necessary to achieve an improved performance in the Use of Resources Assessment. The District Auditor has performed a dry run during 2006/06 on the 'Use of Resources - Harder Test'.

Background

2. The 'Use of Resources Assessment - the Harder Task' is split into five main categories:

- Financial Management
- Financial Reporting
- Financial Standing
- Internal Control
- Value for money.

3. Financial Management

Within this category there are three main lines of enquiry:

- (a) The Council's Medium Term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities.
- (b) The Council manages performance against budgets.
- (c) The Council manages its asset base.

4. Financial Reporting

The key lines of enquiry are:

- (a) The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.
- (b) The Council promotes external accountability.

Internal Control

The keylines of enquiry are:

- (a) The Council manages its significant business risks.
- (b) The Council has arrangements in place to maintain a sound system of internal control.
- (c) The Council has arrangements in place that are designed to promote and ensure priority and propriety in the conduct of its business.

Value for Money

The key lines of enquiries are:

- (a) The Council currently achieves good value for money.
- (b) The Council manages and improves value for money.

Audit focus and Criteria for Judgement

Within each of the five categories there is a specified audit focus and distinct criteria for Judgement. I have attached a copy of the criteria used this year. It may change for next year but does provide a valuable starting point to assess the Council's current position. All of the criteria in 'bold' are must haves and you will not gain the requisite score for a category if all of these are not in place.

During the dry-run, evidence was submitted under all of the categories, and we will be informed of the judgement in March.

Gap Analysis

I have been preparing a gap analysis based upon the requirements of achieving a Level 3 Judgement - this is the minimum requirement if the Council wishes to be considered excellent on a corporate basis. In my opinion this is important for the following reasons:

- (a) Excellent financial management is an underpinning fundamental building block of the organisation's development towards the delivery of proprieties and effective corporate governance.
- (b) The criteria for Judgement mirror best practice, and it seems logical to use them for our internal assessment.
- (c) The Council should want to demonstrate an excellent use of its resources to all stakeholders; especially at times of discussion on the future of the two-tier system
- (d) Excellent service provision needs to be supported by excellent financial management.

Next Steps

The Financial Services function is currently classified as a 'Y' Service. It is not possible to deliver the stepped changes necessary on operational minimum levels that the current assessment dictates. Council Tax collection is assessed as a 'B' Service and is operating effectively.

I recommend that the Cabinet

- (a) Considers asking the Council to re-score the Financial Services function to at least a 'B' priority, whilst amending Council Tax collection to a 'Y' service.
- (b) Approves additional resources within the Budget for 2006/07 to meet the Harder Test.