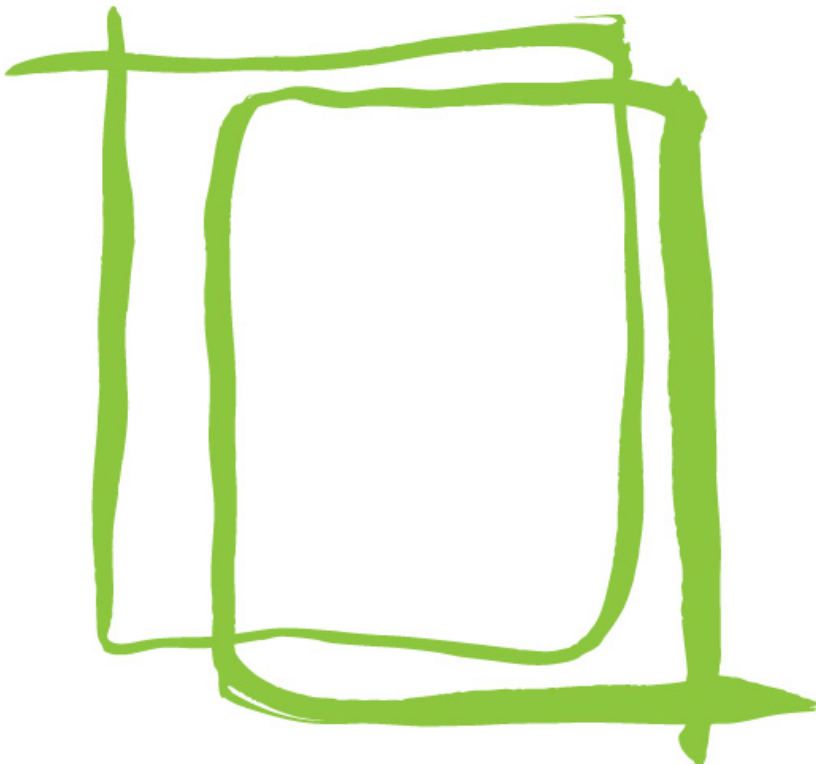


Use of Resources

Gedling Borough Council

Audit 2007/08

December 2008



Contents

Introduction	3
Use of resources judgements	4
Theme summaries	5
Conclusion	11

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
-

Introduction

- 1 The Use of Resources assessment evaluates how well councils manage and use their resources. This is the fourth assessment carried out at the council and is the last under the CPA framework. Next year there will be a new assessment which will form part of the Comprehensive Area Assessment. The assessment of Use of Resources focuses on the importance of having strategic financial management, sound governance and effective financial reporting arrangements. These should support your Council in the achievement of its priorities and improving services, whilst delivering value for money.
- 2 This assessment relates to the financial year 2007/08 and is based on the key lines of enquiry for 2008. Changes to the criteria underpinning the key lines of enquiry were consulted on in April 2007 and the final key lines of enquiry were published in August 2007. These changes were made to:
 - reflect developments in professional guidance, legislative requirements and best practice; and
 - signal some of the changes proposed for the new use of resources under CAA, smoothing the transition to CAA.
- 3 The overall use of resources assessment is made up of five themes. Judgements have been made for each theme using the Audit Commission's scale, see Table 1 below. This scale is used across its inspection and performance assessment frameworks.

Table 1 Standard scale used for assessments and inspections

1	Below minimum requirements – inadequate performance.
2	Only at minimum requirements – adequate performance.
3	Consistently above minimum requirements – performing well.
4	Well above minimum requirements – performing strongly.

-
- 4 In forming our assessment, we have used the methodology set out in the Use of Resources Guidance for Councils 2008, which can be found on the Commission's web site. We have also taken account of our findings and conclusions from previous years' assessments and updated these for any changes and improvements to the Council's arrangements.
 - 5 The five theme scores for Gedling Borough Council are outlined overleaf. This summary sets out our key findings in relation to each theme and key areas for improvement. Three KLOE scores have changed from the last assessment. KLOEs 1.1 and 1.2 have been assessed as 4, previously 3, the overall score for KLOE 1 has increased from 3 to 4. KLOE 5.2 has been assessed as 3, previously 4, the overall score for KLOE 5 is unchanged at 3.

Use of resources judgements

Table 2 Summary of scores at theme and KLOE level

Key lines of enquiry (KLOEs)	Score 2008	Score 2007
Financial reporting	4	3
1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	4	3
1.2 The Council promotes external accountability.	4	3
Financial management	3	3
2.1 The Council's medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities.	3	3
2.2 The Council manages performance against budgets.	3	3
2.3 The Council manages its asset base.	3	3
Financial standing	3	3
3.1 The Council manages its spending within the available resources.	3	3
Internal control	3	3
4.1 The Council manages its significant business risks.	3	3
4.2 The Council has arrangements in place to maintain a sound system of internal control.	3	3
4.3 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	3	3
Value for money	3	3
5.1 The Council currently achieves good value for money.	3	3
5.2 The Council manages and improves value for money.	3	4

Theme summaries

6 The key findings and conclusions for each of the five themes are summarised in the following tables.

Table 3 Financial reporting

Theme score 4	
Key findings and conclusions	
<p>Financial reporting is an area where the Council now performs strongly. The Council prepared the accounts in accordance with a locally agreed timetable and they were subject to member scrutiny. There were only a small number of presentational amendments and we gave an unqualified opinion on 24 September. Openness and accountability in external reporting are areas where the Council continues to develop its approach.</p>	
<p>KLOE 1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.</p>	<p>Notably the Council developed a risk based plan for the production of the accounts. All key changes in accounting standards were addressed. The draft accounts were supported by comprehensive and consistently good quality electronic working papers.</p>
<p>KLOE 1.2 The Council promotes external accountability.</p>	<p>Notably the Council has published summary accounts which links financial information to performance, including its environmental footprint.</p>

Table 4 Financial management

Theme score 3	
Key findings and conclusions	
<p>The Council's medium term financial strategy (MTFS), budgets and capital programme are soundly based and are designed to deliver its strategic objectives.</p> <p>Performance is actively managed against budgets and results of monitoring are reported.</p> <p>The asset base is managed and you evaluate asset use against corporate objectives.</p>	
KLOE 2.1 The Council's medium-term financial strategy (MTFS), budgets and capital programme are soundly based and designed to deliver its strategic priorities.	No additional comment.
KLOE 2.2 The Council manages performance against budgets.	No additional comment.
KLOE 2.3 The Council manages its asset base.	The Council 'rolled forward' the 2006/07 Asset Management Plan (AMP) as opposed to 'updating' the plan for 2007/08. Evidence has been provided to confirm relevant updated information has been used for asset management monitoring and decision making. Formally updating the AMP for 2008/09 will be particularly important with the Large Scale Voluntary Transfer (LSVT) of the Council's housing stock.

Table 5 Financial standing

Theme score 3	
Key findings and conclusions	
<p>The Council continues to monitor spending effectively.</p> <p>The Council sets collection rate targets for all significant categories of income and monitors performance against these.</p> <p>The Council sets, monitors and maintains a Treasury Policy which complies with CIPFA guidance and has not been affected by recent Icelandic Bank failures.</p> <p>The Council's policy for reserves and balances is based upon on a through understanding of its needs and risks and is reported to members. It monitors and maintains its reserves and balances within the range determined by its agreed policy.</p>	
<p>KLOE 3.1 The Council manages its spending within the available resources.</p>	<p>As a result of routine monitoring, the Council has projected various trends in both income and expenditure and agreed a significant supplementary budget for 2008/09. The impact of this will need to be reflected in the next budget setting round and MTFS.</p> <p>Performance against the target for collection of Sundry Debtors income should be improved. The 2007/08 performance of 93.6 per cent, collected within 90 days, compares to a target of 97 per cent.</p>

Table 6 Internal control

Theme score 3	
Key findings and conclusions	
<p>Risk management is embedded with many arrangements having been place for several years.</p> <p>The system of internal control remains sound and this too has been in place for several years.</p> <p>The Council has good arrangements in place which are designed to promote and ensure probity and propriety in the conduct of the Council's systems.</p>	
KLOE 4.1 The Council manages its significant business risks.	The Council's arrangements for risk management are well embedded and are aligned to strategic risks. Member's awareness of risk should be further developed.
KLOE 4.2 The Council has arrangements in place to maintain a sound system of internal control.	<p>The Council has updated its Business Continuity Plan and key IT systems are subject to routine back up and restoration.</p> <p>The Council has entered into a consortia contract with Adam Business Continuity. Annual testing of the disaster recovery procedures, as mandated by the contract, will further enhance your arrangements.</p> <p>Member's challenge, through the arrangements for scrutiny, should be further developed.</p>
KLOE 4.3 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	Members have been given guidance and training on the operation of the Standards Committee which now undertakes work previously performed by the Standards Board of England.

Table 7 Value for money

Theme score 3
Key findings and conclusions
<p>The Council continues to perform well in providing Value for Money.</p> <p>We have assessed KLOE 5.2 as a score of 3, compared to the last assessment of score 4, for the following reasons.</p> <ul style="list-style-type: none">• The Council has made steady progress in improving BVPI performance but improvement is not always consistent across service areas and the rate of improvement is not as high as other comparator Councils.• A long standing vacancy at strategic level has had an impact upon the delivery of some strategic improvement. The Council's transformation programme has yet to produce real VFM improvements.• A strategic and integrated approach to equalities is not yet embedded and the Council's own assessment against the Equality Standard for LG has reduced from 2 to 1 this year. <p>The public is very satisfied with many aspects of the Council's performance and there is a low rate of Council Tax. Costs are commensurate with service delivery, performance and outcomes for local residents. Area Based Initiatives provide a strong local focus for investment. Where there is a priority such as work with young people or community safety then investment has made a demonstrable improvement as illustrated by much improved leisure figures, reduction in anti-social behaviour and crime. Many of these improvements have been made in partnerships with others and with external funding. Both revenue and capital Investment is in line with Council priorities and improvement correlates. However where a service area has not got a clear priority focus then outcomes are less well defined. Examples include sickness absences and equality/diversity issues where progress is not as the Council would wish.</p> <p>Performance management arrangements are well established with the use of benchmarking and peer review. The Council has good arrangements for managing and improving value for money which include short, medium and long terms plans for steady incremental improvement using a range of mechanisms including service review, transformation of support services, IT developments to improve access for service users and departmental restructuring.</p> <p>The Council can demonstrate a track record in achievement of efficiency gains including those made through partnerships with joint working and procurement being particularly effective. Procurement policy demonstrates an awareness of sustainability and whole-life costing.</p> <p>Arrangements underpinning the Annual Efficiency Statement continue to be well supported.</p>

Theme score 3	
Key findings and conclusions	
KLOE 5.1 The Council currently achieves good value for money.	No additional comment.
KLOE 5.2 The Council manages and improves value for money.	<p>Continue improving performance by:</p> <ul style="list-style-type: none"> • focusing on ensuring improvement is consistent across service areas and at a rate that compares well with others; and • developing clearer service outcomes for non-priority areas. <p>The benefits of the Transformation Programme should be defined and evidenced in a clear and consistent way, as the Programme makes efficiencies, so as to demonstrate its impact on value for money achievement within the Council.</p>

Conclusion

- 7** The Council's performance demonstrates that it performs at least 'well' against all areas in the assessment.

Use of resources 2008/09

- 8** From 2008/09, the auditors' assessment of use of resources will be based on new key lines of enquiry and will form part of the new performance assessment framework for local government and its partners, known as Comprehensive Area Assessment (CAA).
- 9** Key lines of enquiry for use of resources were published in May 2008 following consultation. These reflect the needs of CAA and incorporate a number of improvements including:
- a clearer focus on value for money achievements and further emphasis on commissioning of services; and
 - outcomes for local people and partnership working.
- 10** The assessment is structured into three themes as follows.
- Managing finances: sound and strategic financial management.
 - Governing the business: strategic commissioning and good governance.
 - Managing resources: effective management of natural resources, assets and people.
- 11** The Audit Commission has recently issued further guidance and we are making arrangements to discuss the 2008/09 use of resources work with officers.
- 12** The approach to use of resources will continue to be risk based and proportionate, drawing on evidence from previous years where relevant. Not all key lines of enquiry in the managing resources theme will be assessed each year. For district councils, auditors will only assess work force planning.
- 13** The Commission will specify each year in its annual work programme and fees document which key lines of enquiry will be assessed in that year.

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

© Audit Commission 2008

For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 0844 798 1212 Fax: 0844 798 2945 Textphone (minicom): 0844 798 2946

www.audit-commission.gov.uk
