

Agenda Item No:

Report to: Audit Committee

Date of Meeting: 23 March 2009

Report Title: Use of Resources 2008

Report By: Neil Dart
Deputy Chief Executive & Director of Corporate Resources

Purpose of Report

To report back on recommendations/points for the Council to consider made by the External Auditor at the last Audit Committee.

Recommendation(s)

- 1. Members note the officers' response to the Use of Resources 2008 recommendations/points for consideration**

Reasons for Recommendations

To respond appropriately and proportionately to the recommendations/points for consideration made by the External Auditor.

Background

1. At your meeting on 13 January, you received a presentation from Robert Grant of PKF on the 2008 Use of Resources Assessment.
2. The main messages were that Hastings performed well overall and above Audit Commission requirements. Level 3 was secured in four out of five areas, an improved performance on 2007.
3. The Annual Audit and Inspection Letter elsewhere on your agenda incorporates many of the points made by Robert Grant during the January presentation.
4. Your resolved (unanimously) that:-
 - a. The Committee welcome the report
 - b. All staff involved be thanked
 - c. The Deputy Chief Executive consider the recommendations of the external auditors and bring a report to the next Committee along with an Action Plan.
5. There were eight recommendations/points for the Council to consider included within the presentation. Responses to each of these are shown below from the appropriate officers.

Publish in "About" magazine information about the Council's environmental footprint.

6. The Council as part of its work on National Indicator 185 is measuring, and seeking to reduce its CO2 emissions. The calculation of this indicator includes measuring our emissions from energy and fuel used in our buildings and transport, including where these services have been outsourced.
7. Although not an 'ecological footprint' – this 'carbon footprint', will, together with details of other environmental initiatives, be published in About during 2009/10 under the banner of a new Environmental Strategy.
8. The recommendation is therefore accepted.

Seek to use joint financial planning more systematically with key partners and stakeholders.

9. Following further discussions with Robert Grant the position has been clarified and this recommendation withdrawn. The Annual Audit and Inspection Letter elsewhere on the agenda now includes the comment 'The Council takes the opportunity to work with key partners and stakeholders on joint financial planning where this is appropriate'.

Look to develop and implement principles of “World Class Financial Management” for in-year balance sheet reporting

10. The Audit Commission’s discussion paper produced in 2005 was intended to stimulate debate about what standards of Financial Management the public sector should aspire to over the longer term. The areas covered included financial governance and leadership, financial planning, finance for decision making, financial monitoring and forecasting, and financial reporting.
11. The paper makes it clear that long term financial planning must be integrated with service plans and that the organisations resources and progress on achieving objectives are reported regularly to members – as is the case at Hastings. The paper also identifies that the financial monitoring reports should be prepared in a format as close to that as used for external reporting so that management can see the predicted outturn position as it will appear when published. The full accrual of all financial information into monthly monitoring reports would be very time consuming and potentially expensive at present, with little perceived gain given the existing reporting and monitoring arrangements in place. The Council monitors its capital and revenue expenditure throughout the year and concentrates staff resources on monitoring where there are uncertainties and risks e.g. income streams and trading activities. The Council readily identified in 2008/9 the deteriorating financial position as early as the summer of 2008 and was able to take early action to balance the budget. The Council already achieves most of what is identified as good practice in the paper and will look to continuously improve the monitoring reports provided to members and management in line with Financial System developments.

Develop the Property database to more fully integrate all aspects of VFM

12. The Council’s property register is maintained on a system called “Estateman” (Estate Manager). Performance data is being captured for the purposes of strategic asset management and is being reported into the Property Management Group. The statistical review and benchmarking of performance will inform the direction and plans of the Council in the areas of energy and water usage, utilisation, repairs and value for money. The possibility of using the Estateman system for the capture, storage and reporting of this information is to be investigated by the Estates Manager during 2009/10.

Ensure compliance with internal control framework is actively monitored (SO's, SFI's, Scheme of Delegations

13. We have put in place a comprehensive register of all contracts and an instruction note to ensure that it is reviewed by the Procurement Officer at least monthly so that all contracts are renewed or tendered for in a timely manner. Completed
14. A systematic review of the effectiveness of arrangements for actively managing contracts is nearing completion. This is the responsibility of the Chief Auditor, with a target completion date of 31 March 2009.
15. An external review of Corporate Risk Management arrangements has been undertaken and the report will be taken to the Risk Management Group and June Audit Committee. The external review of Operational Risk Management

arrangements is in progress, but hopefully will also be reported to June Audit Committee. As the findings are known to the Risk Management Group, risk management arrangements will be strengthened where necessary. Reports from the risk register will be presented to the Risk Management Group who will alert Corporate Management Group of significant risks.

16. The work that Audit carries out for compliance to the International Auditing Standards covers virtually all key controls within the Council. Audit considers the results from these to be indicative of the level of compliance to Standings Orders, Standing Financial Instructions and Scheme of Delegation. The results are reported to Audit Committee on an annual basis by the Chief Auditor.

Look to evidence how Value for Money (VFM) is secured over time. Evidence how VFM is secured across all services. Use VFM information more systematically, including unit costs and quality, equality of access and customer satisfaction. (Note - The three recommendations partly overlap and interlink, and are therefore dealt with together.)

17. It is agreed that the Council should also develop its approach to evidence how VFM is secured over time, particularly where projects and partnerships deliver social and economic benefits in the longer term.
18. The preparation work for the new Use of Resources part of Comprehensive Area Assessment (CAA) will gather much of the evidence from both HBC's work and our work in partnership to demonstrate we are securing outcomes that are delivering social and economic benefits and the VFM associated with this work. There is also a greater focus on outcomes measured by both HBC and our partners via the East Sussex Local Area Agreement and National Indicators.
19. This work on efficiencies and VFM is being led by the Efficiency and Resilience Cross-Cutting Group chaired by the Deputy Chief Executive, this group is also charged with supporting the on-going PIER process and reporting to Cabinet on progress in July.
20. We are undertaking benchmarking work at both a corporate level and also by drilling down to specific services/areas of management (e.g. IT and Housing Management in 08/09) and will continue to do this throughout the PIER process in 2009/10.
21. The purpose of this benchmarking activity is to identify any unintended higher costs, and to identify where we are spending significantly higher or lower than comparable authorities, to investigate/understand reasons why and to learn/share lessons.

Our work on embedding equality monitoring, evaluation and impact assessments, service quality improvements and greater focus on customer experience (undertaken by cross-cutting groups on Customer Contact, Internal Administrative Efficiency Equalities Steering Group) as well as the work to improve avoidable contact (measured by NI 14) will all provide relevant evidence.

Wards Affected

None

Area(s) Affected

None

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	Yes
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	Yes
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	Yes

Supporting Documents

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Officer to Contact

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