

Comprehensive Area Assessment and Use of Resources 2008/09 update South Cambridgeshire District Council - Corporate Governance Committee

Comprehensive Area Assessment

The joint inspectorates' proposals for the Comprehensive Area Assessment ("CAA") framework will be presented to key stakeholders ahead of publication; including cross Whitehall government departments. Over recent months there has been much discussion and negotiation to remove any 'surprises' and to help ensure the document receives a smooth passage through these stages.

From here, the consultation document will pass to the partner inspectorates for final clearance, including the Audit Commission's Board on 24 July. Publication is scheduled for late July.

Following the evaluation of action learning work is continuing to develop the evidence file for CAA intelligence gathering and analysis. A major learning point from the action learning was the range of available information and the added value from making better use of it, and sharing it between inspectorates.

The framework for CAA trialling (building on the lessons learned from action learning) has been agreed and work is progressing towards an overall project planning approach covering the ten sites.

- Barking and Dagenham
- Birmingham
- Hampshire
- Kirklees
- Nottinghamshire
- Stockport
- Middlesbrough
- Thurrock
- Torbay
- Westminster

The focus at each site is now being discussed with the audit and inspection bodies in each area. The Audit Commission is planning to test different elements of the proposals at different sites, although some will be trialling the whole CAA approach, as far as that is practicable. This will include at least two sites that will test the IDeA / LGA locality self-assessment model.

Use of Resources 2008/09

Each year, the Audit Commission will publish scored judgements about value for money in the use of resources in respect of local authorities. The use of resources assessment forms part of CAA from 2009 and will also feed into other relevant performance assessment frameworks as appropriate.

The use of resources assessment considers how well local authorities are managing and using their resources to deliver value for money and better and sustainable outcomes for local people. It is structured into three themes that focus on the importance of sound and strategic financial management, strategic commissioning and good governance, and the effective management of natural resources, assets and people.

A proportionate approach will be applied to the assessment of the KLOE. The Commission will specify in its annual work programme and fees document which KLOE are to be assessed over the coming year. The specified KLOE are likely to differ for each sector in order to reflect sector priorities. In 2008/09, auditors will assess eight of the ten KLOE at district councils. These have been reflected in the table below.

| Key Line of Enquiry | Relevant to District Councils in 2008/09 |
|--|--|
| Managing Finances | |
| 1.1 Planning for financial health | <input type="checkbox"/> |
| 1.2 Understanding costs and achieving efficiencies | <input type="checkbox"/> |
| 1.3 Financial Reporting | <input type="checkbox"/> |
| Governing the business | |
| 2.1 Commissioning and procurement | <input type="checkbox"/> |
| 2.2 Use of information | <input type="checkbox"/> |
| 2.3 Good Governance | <input type="checkbox"/> |
| 2.4 Risk Management and Internal Control | <input type="checkbox"/> |
| Managing Resources | |
| 3.1 Natural Resources | X |
| 3.2 Strategic Asset Management | X |
| 3.3 Workforce | <input type="checkbox"/> |

More detail on the themes and key lines of enquiry has been included in the Appendix to this briefing note.

There are no changes in the scoring mechanism for local authorities, with 1 representing inadequate performance and 4 representing excellent performance. Under the new Use of Resources assessment a score of 1 in a theme would mean that that theme would automatically re-assessed the next year irrespective of whether it is specified for assessment.

There is currently a proposal to align the Direction of Travel statement with the Use of Resources work, so that the Direction of Travel statement is effectively the fourth theme. However, this has yet to be confirmed.

The Audit Commission will issue sector specific guidance to local authorities in due course.

Grant Thornton UK LLP

30 June 2008

Appendix - Themes and Key Lines of Enquiry

Managing finances

How effectively does the organisation manage its finances to deliver value for money?

1.1 Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health?

The organisation:

- Integrates financial planning with strategic and service planning processes on a medium- to long-term basis;
- Engages local communities and other stakeholders in the financial planning process;
- Manages spending within available resources and is financially sound over the medium term; and
- Recognises individual and collective responsibilities for financial management and values and develops financial skills.

1.2 Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities?

The organisation:

- Understands its costs, including whole life, transaction and unit costs, the main factors that influence these and how they link to performance;
- Takes account of this understanding of its costs and performance in decision making and commissioning; and
- Identifies the scope for making efficiencies and is on track to achieve planned efficiencies.

1.3 Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people?

KLOE focus

The organisation:

- Produces relevant, timely and reliable financial monitoring and forecasting information;
- Uses financial and related performance information to monitor performance during the year;
- Produces financial reports that are clear, relevant and concise to support strategic decision making;
- Prepares accounts that meet statutory requirements, financial reporting standards and present fairly, or give a true and fair view of, the financial performance and position; and
- Publishes reports that provide an objective, balanced and understandable assessment of the organisation's performance in the year.

Governing the business

How well does the organisation govern itself and commission services that provide value for money and deliver better outcomes for local people?

2.1 Does the organisation commission and procure quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money?

The organisation:

- Has a clear vision of intended outcomes for local people which shapes its commissioning and procurement, and is based on an ongoing analysis and understanding of needs;
- Involves local people, partners, staff and suppliers in commissioning services;
- Seeks to improve the customer experience, quality and value for money of services through service redesign, making effective use of IT;
- Understands the supply market and seeks to influence and develop that market;
- Evaluates different options (internal, external and jointly with partners) for procuring services and supplies; and
- Reviews the competitiveness of services and achieves value for money, while meeting wider social, economic and environmental objectives.

2.2 Does the organisation produce relevant and reliable data and information to support decision making and manage performance?

The organisation:

- Produces relevant and reliable data and works with partners to ensure the quality of partnership data;
- Understands the needs of its decision makers and provides them with information that is fit for purpose and is used to support decision making;
- Ensures data security and compliance with relevant statutory requirements; and
- Monitors performance against its priorities and targets, and addresses underperformance.

2.3 Does the organisation promote and demonstrate the principles and values of good governance?

The organisation:

- Has adopted, promotes and demonstrates, the principles of good governance;
- Maintains focus on its purpose and vision;
- Demonstrates a strong ethical framework and culture; and
- Applies the principles and values of good governance to its partnership working.

2.4 Does the organisation manage its risks and maintain a sound system of internal control?

The organisation:

- Has effective risk management which covers partnership working;

- Has a clear strategy and effective arrangements, including allocation of appropriate resources, to manage the risk of fraud and corruption; and
- Has a sound system of internal control including internal audit.

Managing resources

How well does the organisation manage its natural resources, physical assets, and people to meet current and future needs and deliver value for money?

3.1 Is the organisation making effective use of natural resources?

The organisation:

- Understands and can quantify its use of natural resources and can identify the main influencing factors;
- Manages performance to reduce its impact on the environment; and
- Manages the environmental risks it faces, working effectively with partners.

3.2 Does the organisation manage its assets effectively to help deliver its strategic priorities and service needs?

The organisation:

- Has a strategic approach to asset management based on an analysis of need to deliver strategic priorities, service needs and intended outcomes;
- Manages its asset base to ensure that assets are fit for purpose and provide value for money; and
- Works with partners and community groups to maximise the use of its assets for the benefit of the local community.

3.3 Does the organisation plan, organise and develop its workforce effectively to support the achievement of its strategic priorities?

The organisation:

- Has a productive and skilled workforce;
- Knows in the medium to longer term what staff it will need, with what skills, and has plans to achieve this;
- Engages and supports staff in organisational change; and
- Has policies which support diversity and good people management.