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1.0 BACKGROUND

1.1 Use of Resources is an annual assessment, carried out by the Audit Commission, to evaluate how well councils manage and use their financial resources to support their strategic priorities and deliver value for money.

1.2 There are 5 themes:-

- financial reporting;
- financial management;
- financial standing;
- internal control; and
- value for money.

1.3 Each theme is scored 1 to 4, 4 being the highest and 1 being classed as below minimum requirements.

1.4 The Audit Commission report, at Appendix A, brings together the scores for single tier, county councils and district councils for 2007. [The Use of Resources Judgements 2007 in relation to Copeland Borough Council was reported to the Audit Committee on 30 January 2008].

2.0 SUMMARY

2.1 Ten per cent of district councils achieved a higher score in 2007 than in 2006. [Copeland's score had deteriorated in financial reporting and remained the same for the other 4 themes. Copeland scored 1 for financial reporting because the 2006/07 accounts submitted for audit contained material errors and the quality of working papers had deteriorated].

2.2 Six per cent of district councils scored a 4 overall, well above minimum requirements – performing strongly. [Copeland scored 2, only at minimum requirements – adequate performance].

2.3 There were 9 district councils not meeting minimum requirements and scoring a 1 overall.

2.4 Full details are given at Appendix A.

3.0 CONCLUSION AND RECOMMENDATION

3.1 Generally, councils sustained performance or demonstrated an improvement in their overall use of resources score. Overall, since 2005, single tier and

AUDIT COMMISSION: SUMMARY OF USE OF RESOURCES SCORES 2007

county councils have improved at a slightly faster rate than district councils, particularly those achieving a top score of 4.

3.2 It is recommended that Members note this report.

List of Appendices:

Appendix A – Audit Commission report: Summary of use of resources scores 2007

Background papers:

Use of Resources Auditor Judgements 2007, Copeland Borough Council

Officers Consulted: Corporate Team

Local government

January 2008



Summary of use of resources scores 2007

Scores and analysis for single tier and county councils
and district councils

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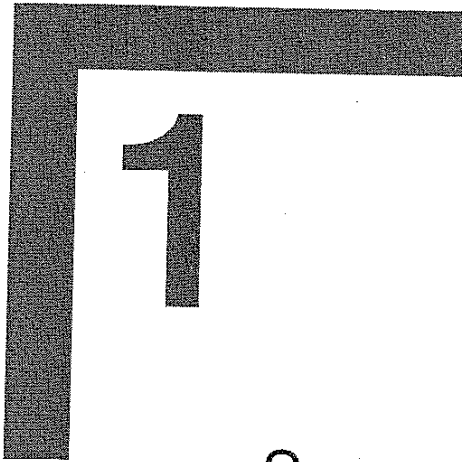
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Summary

- 1 Use of resources is an annual assessment, undertaken as part of each council's external audit. It evaluates how well councils manage and use their financial resources to support their strategic priorities and deliver value for money. This is the third year of the use of resources assessment at councils. In addition to providing an overall score for every council, use of resources covers five themes. These are: financial reporting; financial management; financial standing; internal control; and value for money.
- 2 This report brings together scores for single tier and county councils and district councils for 2007. Separate sections within this report examine the scores for each type of council.
- 3 Councils demonstrated sustained improvement in their overall use of resources scores. Seventy per cent of all councils performed consistently above or well above minimum requirements (scoring 3 or 4), representing an increase of 5 percentage points since 2006. Generally since 2005, single tier and county councils have improved at a slightly faster rate than district councils, particularly those achieving a top score of 4.
- 4 However, in 2007, ten councils (nine districts and one single tier council) performed below minimum requirements (scoring 1) for use of resources. This compares to six councils that performed below minimum requirements in 2006.
- 5 The number of top-performing councils (scoring 4) has continued to increase. In 2007, 40 councils (10 per cent) performed at the highest level, up from 22 (6 per cent) in 2006 and 8 (2 per cent) in 2005. Of the 40 top-performing councils in this assessment, 27 are single tier and county councils and 13 are district councils.
- 6 There has been a strong net improvement across all use of resources themes since 2006, with the exception of financial reporting. Two councils, Stockton-on-Tees and Wandsworth, scored 4 for all five themes.

- 7 Financial standing was the best performing use of resources theme for councils overall, with 74 per cent of councils performing above minimum requirements (scoring 3 or 4).
- 8 In 2006, value for money was the use of resources theme cited as needing the most improvement. It is therefore pleasing to note the level of improvement achieved in 2007. Only five councils, all of them districts, performed below minimum requirements (scoring 1) for value for money. Forty-one councils have increased their value for money score since last year while only three have a lower score than in 2006.
- 9 Most improvement is needed in financial reporting, where 13 per cent of councils (51 councils) performed below minimum requirements in 2007. This is a concern, given that only 6 per cent of councils were below minimum requirements in 2006.

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Background

- 10 This is the third year that the use of resources assessment has been carried out at single tier and county councils and district councils. It is an annual assessment, as part of each council's external audit and evaluates how well councils manage and use their financial resources to support their strategic priorities and deliver value for money. It covers five themes: financial reporting; financial management; financial standing; internal control; and value for money. Each theme is scored 1 to 4, 4 being the highest, and a rules table is used to bring all five themes together in a single judgement of 1 to 4.
- 11 Following consultation in February 2006, the Audit Commission confirmed a number of changes to the criteria for judgement that were included in the use of resources assessment for 2007. We also decided to streamline the assessment by aligning it with the financial year. These changes mean that year-on-year comparison of scores does not fully represent a like-for-like comparison, but reflects the need for councils to continue to show improvement in their use of resources over time. The new assessment meant there was less time for changes in performance to take effect, particularly for district councils.
- 12 This document provides a short summary of use of resources scores for all councils, followed by separate sections covering single tier and county council scores and district council scores.

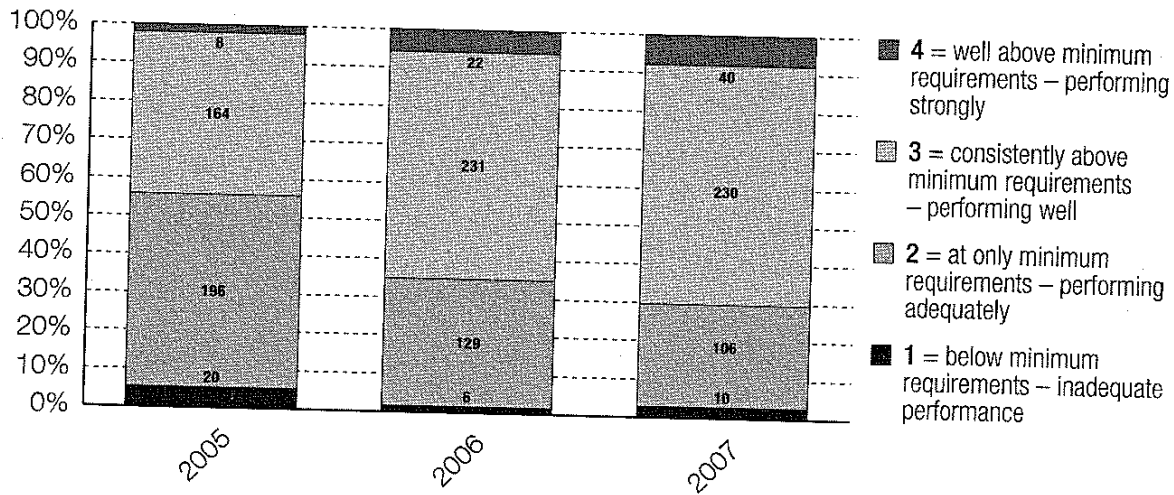
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Summary of 2007 use of resources scores for councils

13 Generally, councils demonstrated sustained improvement in their overall use of resources score. Seventy per cent of all councils performed consistently or well above minimum requirements, representing an increase of 5 percentage points from 2006 (Figure 1). Fifty-three councils (14 per cent), out of 386¹, achieved a higher overall score in 2007 than in 2006. Twenty-one councils had a lower overall use of resources score in 2007 than in

Figure 1
Overall use of resources scores

Overall, councils have continued to improve their use of resources scores since the first assessments in 2005.



Source: Audit Commission

¹ The use of resources score for two councils were subject to review when this report was published. These councils have been excluded from the analysis in this report.

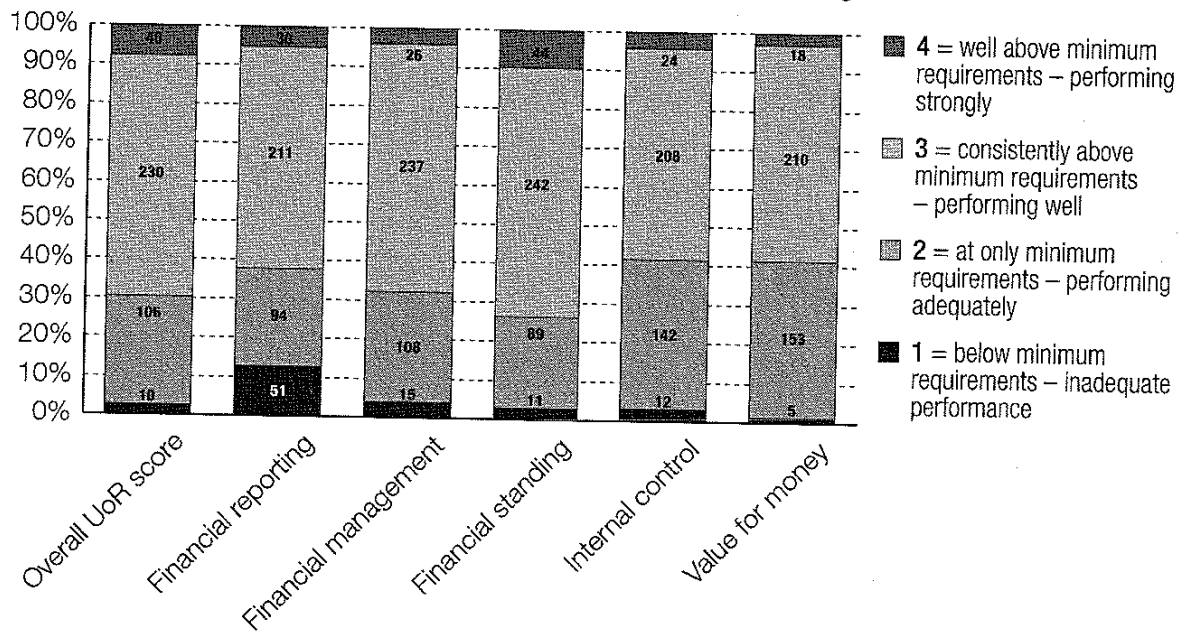
2006 (of which 15 are district councils). In 2007, ten councils (nine districts and one single tier) performed below minimum requirements for use of resources.¹¹

- 14 The number of top-performing councils (scoring 4) has continued to increase. In 2007, 40 councils performed at the highest level, up from 22 in 2006 and 8 in 2005. However, there is still much scope for improvement, as this only represents 10 per cent of all councils.
- 15 There was a general improvement in scores across most areas covered by the assessment and there are more councils performing at the highest level (scoring 4) for each use of resources theme. Financial standing was the best performing use of resources theme for councils overall, with 74 per cent of councils performing above minimum requirements; it was also the theme with the most councils performing at the highest level (scoring 4). Forty-four councils (11 per cent) performed well above minimum requirements for financial standing. Performance is also strong in financial management, with only 32 per cent of councils scoring 1 or 2 (**Figure 2**).
- 16 Value for money was the theme with the fewest councils (five) performing below minimum requirements in 2007. These are all district councils. Most improvement is needed in financial reporting, where 13 per cent of councils (51 councils) perform below minimum requirements in 2007. However, financial reporting is also the use of resources theme that demonstrates the second highest number of councils (30 councils) performing at the highest level (scoring 4).

¹¹ The ten councils that performed below minimum requirements for use of resources in 2007 were Dacorum, Great Yarmouth, Hart, Liverpool, Mid Devon, Northampton, Norwich, Uttlesford, Waveney and West Somerset.

Figure 2
Use of resources scores for 2007

Financial standing was the strongest use of resources theme for councils, while most improvement was needed for financial reporting.



Source: Audit Commission

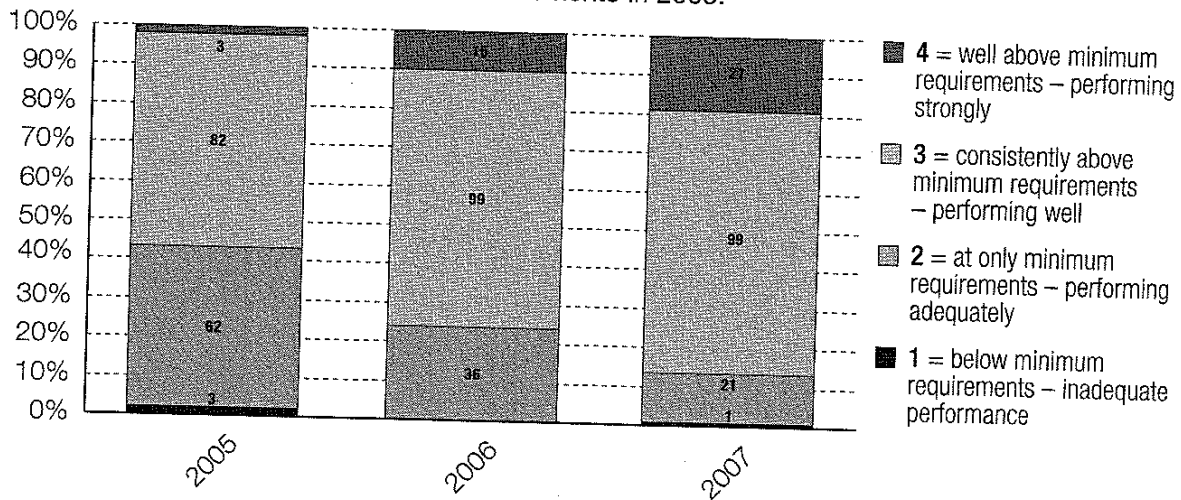
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Summary of 2007 use of resources scores for single tier and county councils

17 Single tier and county councils continued to show improvement in the overall use of resources score. Eighty-five per cent of these councils were performing consistently or well above minimum requirements, representing an increase of 9 percentage points from 2006 (Figure 3). Thirty single tier and county councils (20 per cent), out of 148¹, achieved a higher overall score in 2007 than in 2006. However, six councils had a lower overall use of resources score in 2007 than in 2006. These were Buckinghamshire, East Riding of Yorkshire, Herefordshire, Hillingdon, Liverpool and Milton Keynes.

Figure 3
Overall use of resources scores

There has been a sustained improvement in councils' overall use of resources scores since the first assessments in 2005.



Source: Audit Commission

¹ The use of resources score for two single tier and county councils were subject to review when this report was published. These councils have been excluded from the analysis in this report.

18 The number of top-performing single tier and county councils (scoring 4) has continued to increase. In 2007, 27 councils performed at the highest level, up from 15 in 2006 and 3 in 2005. However, there is still much scope for improvement as this only represents 18 per cent of single tier and county councils.

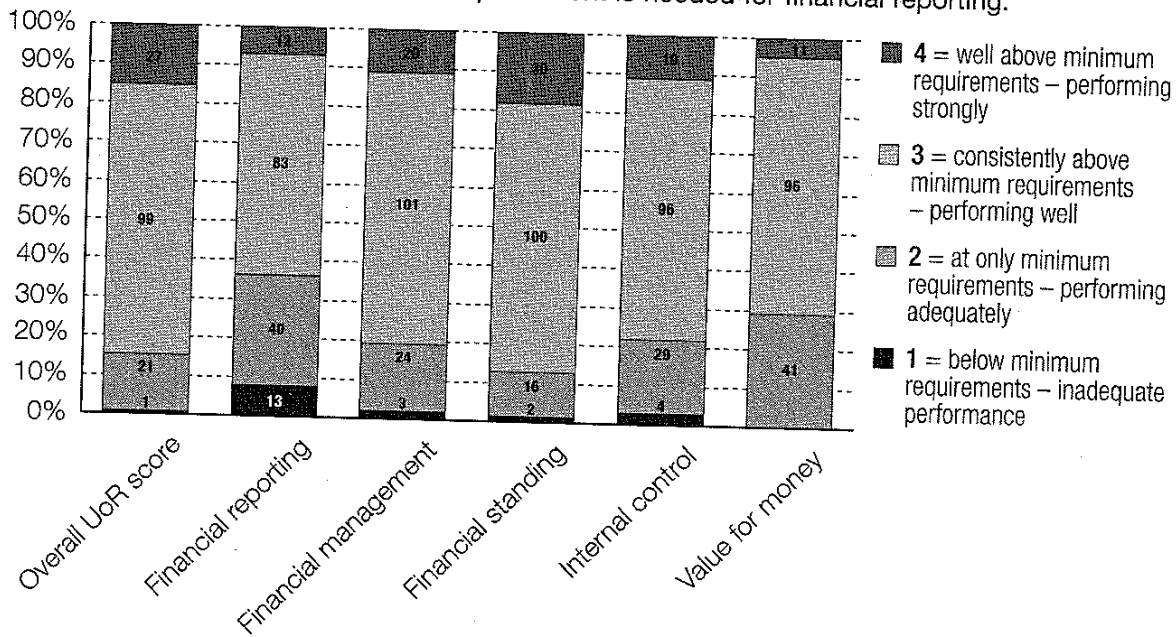
19 In order to be assessed as performing well above minimum requirements, councils must score 4 for at least two themes and 3 for the remainder. Two councils, Stockton-on-Tees and Wandsworth, scored 4 for all five themes. Other high-performing councils were Kent, St Helens and Westminster, which scored 4 for four of the five themes. However, one council, Liverpool, performed below minimum requirements, scoring 1 overall.

20 There was a general improvement in scores across most areas covered by the assessment and there were more councils performing at the highest level (scoring 4) for each use of resources theme. In many cases, it was evident that authorities used the assessment to target improvements in areas of weak performance and were successful in improving use of resources theme scores.

Figure 4

Use of resources scores for 2007

Financial standing is the strongest use of resources theme for single tier and county councils while most improvement is needed for financial reporting.



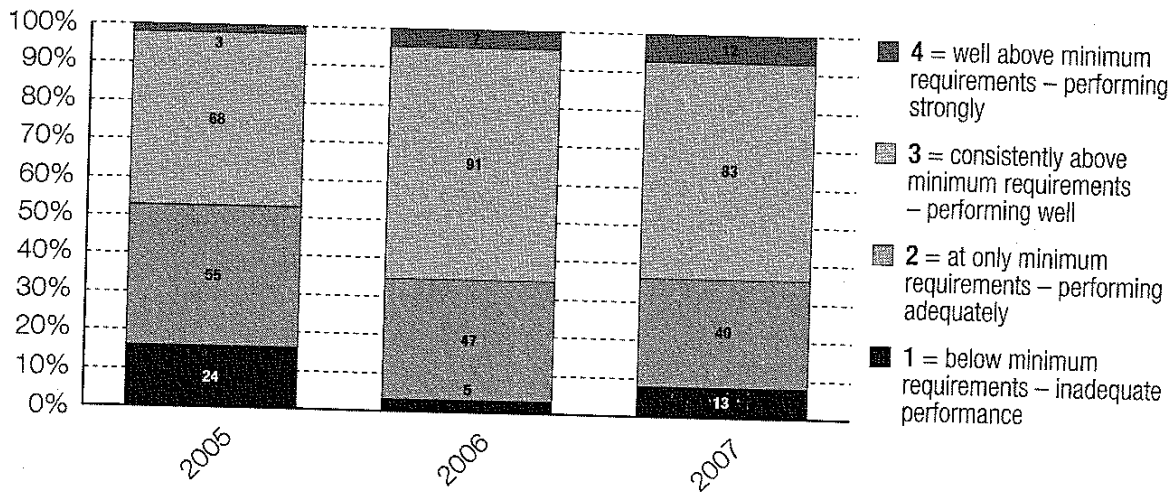
Source: Audit Commission

Financial reporting

21 The quality and timeliness of financial reporting by councils is the use of resources theme that has shown least improvement. Sixty-four per cent of single tier and county councils exceed minimum requirements, compared to 66 per cent in 2006 (Figure 5). There was also a marked decrease in the number of councils meeting minimum requirements for financial reporting. In 2007, 13 councils did not meet minimum requirements for financial reporting compared to only five councils in 2006. Nineteen councils improved their score for financial reporting in 2007 including one council, Peterborough, which improved its score by two levels. However, 23 councils received a lower score for financial reporting in 2007 than in 2006 including three councils, Buckinghamshire, Hillingdon and Milton Keynes, whose score reduced by two levels.

Figure 5
Financial reporting

While many councils have shown improvement, there has been an increase in the number of councils not meeting minimum requirements for financial reporting since 2006.



Source: Audit Commission



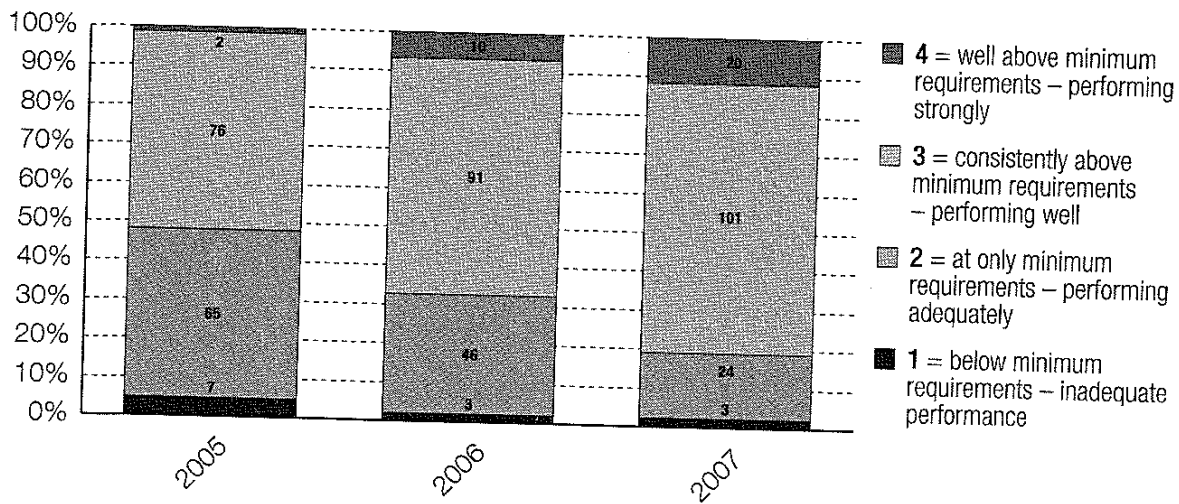
Financial management

22 The assessment of councils' financial management, which encompasses medium-term financial planning, budget management and asset management, also shows generally strong performance (**Figure 6**). Eighty-two per cent of single tier and county councils exceeded minimum requirements for financial management and the number of top performers increased from 10 councils in 2006 to 20 councils in 2007. Financial management showed the most improvement in councils since 2006, with 36 councils improving their score for financial management. Three councils Isles of Scilly, Liverpool and Southend-on-Sea performed below minimum requirements for financial management in 2007. Four councils achieved a lower score in 2007 than in 2006.

Figure 6

Financial management

Almost a quarter of councils have improved their score for financial management since 2006.



Source: Audit Commission

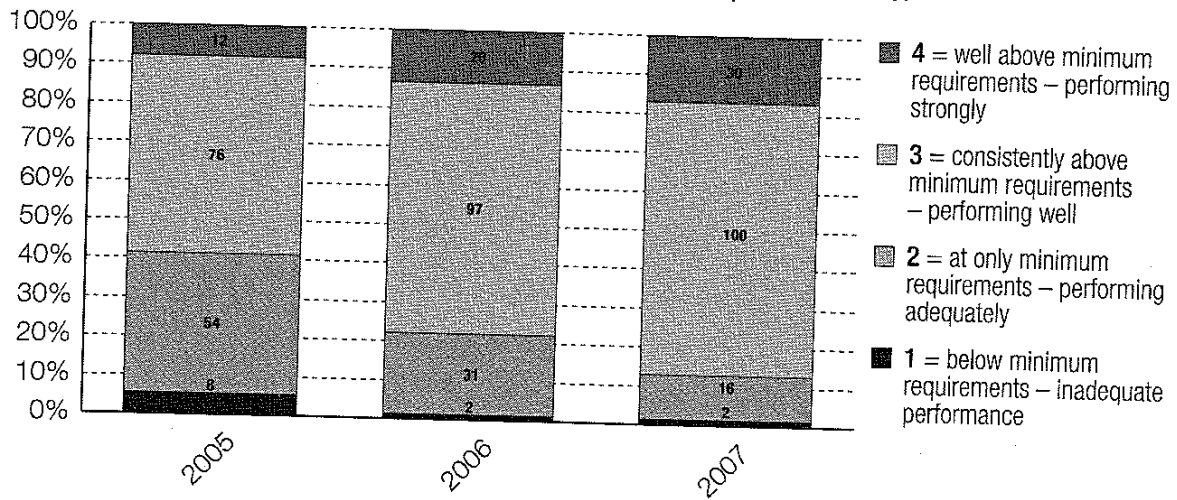
Financial standing

23 Councils continued to show their strongest overall performance in their financial standing, which assesses how well a council manages its spending within available resources. Eighty-eight per cent of single tier and county councils performed consistently or well above minimum requirements for financial standing, an improvement from 78 per cent in 2006 (Figure 7). This theme also has the highest number of top performers, with 30 councils (20 per cent) scoring 4 for financial standing. Twenty-five councils improved their score for financial standing since 2006 while only one council, the Isle of Wight, achieved a lower score in 2007 than in 2006. Two councils, Harrow and Liverpool, performed below minimum requirements for financial standing.

Figure 7

Financial standing

Councils continue to perform strongest in their financial standing and there has been a general improvement in scores compared to 2006.



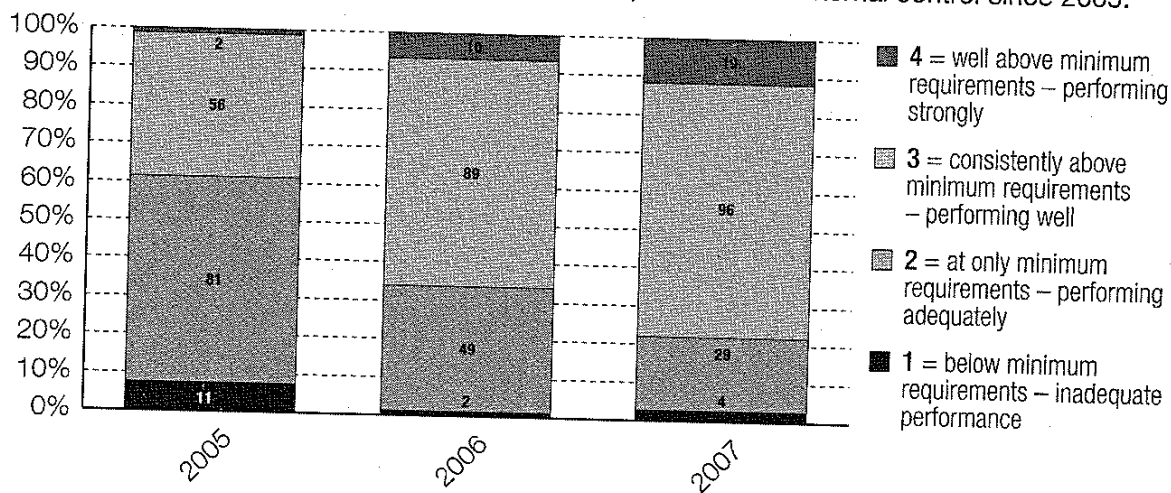
Source: Audit Commission

Internal control

24 Internal control, which assesses whether a council has effective arrangements to ensure proper use of public funds and manages its risks, showed the most marked improvement of the themes over the two years since 2005. Almost a quarter of all single tier and county councils improved their performance for internal control since 2006, with 78 per cent of authorities exceeding minimum requirements, compared to 66 per cent in 2006 and 38 per cent in 2005. However, the number of councils not meeting minimum requirements for this theme rose to four councils in 2007, up from two in 2006. These were Herefordshire, Milton Keynes, Oldham and Portsmouth councils.

Figure 8
Internal control

Councils have shown significant improvement in internal control since 2005.



Source: Audit Commission

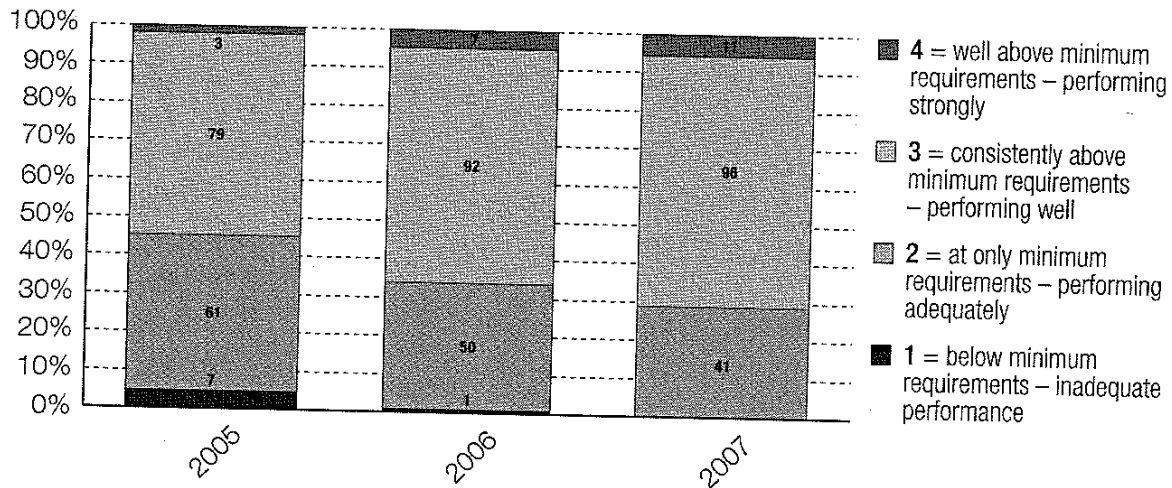
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Value for money

- 25 The value for money theme focuses on whether councils currently achieve value for money and how they are managing and improving their arrangements. For the first time since use of resources assessments were introduced, no single tier or county council performed below minimum requirements (scoring 1) for value for money.
- 26 Sixteen councils improved their value for money score between 2006 and 2007, while only two councils received a lower score. Seventy-two per cent of councils performed consistently or well above minimum requirements for value for money. For the second year running, the number of top-performing authorities for value for money increased. Eleven councils scored 4 for value for money in 2007. These were Camden, Darlington, Kent, Leicestershire, Richmond-upon-Thames, Shropshire, Stockton-on-Tees, Tameside, Wandsworth, Westminster and Worcestershire.

Figure 9
Value for money

For the first time since the use of resources assessment was introduced, no single tier and county councils are performing below minimum requirements for value for money.



Source: Audit Commission

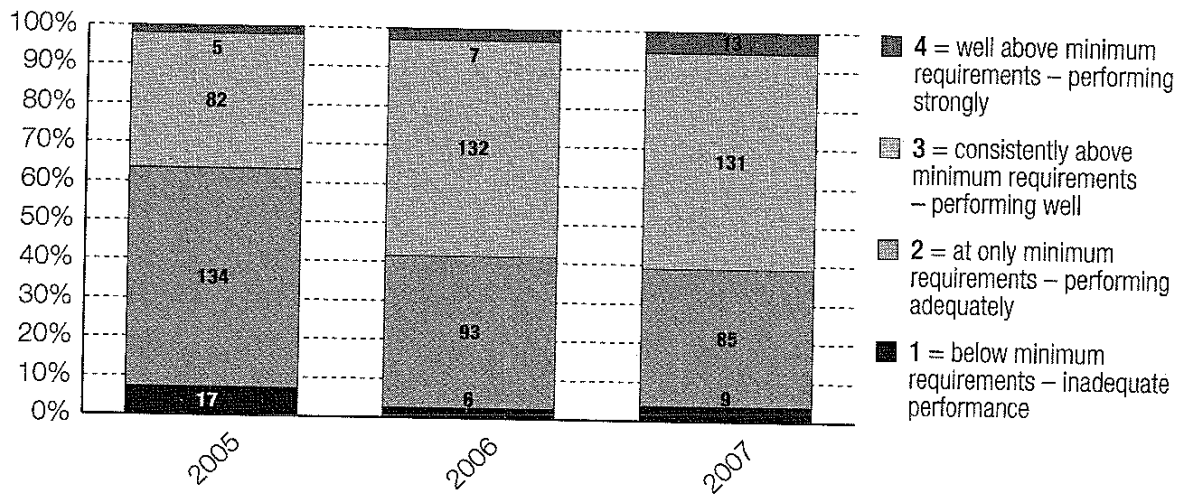
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Summary of 2007 use of resources scores for district councils

- 27 District councils demonstrated significant improvement in their overall use of resources scores between 2005 and 2007. Ten per cent of district councils achieved a higher score in 2007 than in 2006, building on the 28 per cent that improved between 2005 and 2006.
- 28 Sixty-one per cent of district councils performed consistently or well above minimum requirements, compared to 58 per cent in 2006 (**Figure 10**). The number of top-performing councils, scoring 4 overall, almost doubled from 7 (out of 238 district councils) to 13 in 2007, representing 6 per cent of all district councils. The 13 councils achieving the top rating for use of resources in 2007 were Cambridge, Chichester, Chorley, Elmbridge, Pendle, Runnymede, Sevenoaks, South Ribble, Staffordshire Moorlands, Tendring, Tonbridge and Malling, Vale Royal and Wychavon.
- 29 However, the number of district councils not meeting minimum requirements (scoring 1) for use of resources overall has increased from six councils in 2006 to nine in 2007. The district councils not achieving minimum requirements for their use of resources were Dacorum, Great Yarmouth, Hart, Mid Devon, Northampton, Norwich, Uttlesford, Waveney and West Somerset.

Figure 10
Overall use of resources scores

District councils have shown a steady improvement in overall use of resources scores since 2005.

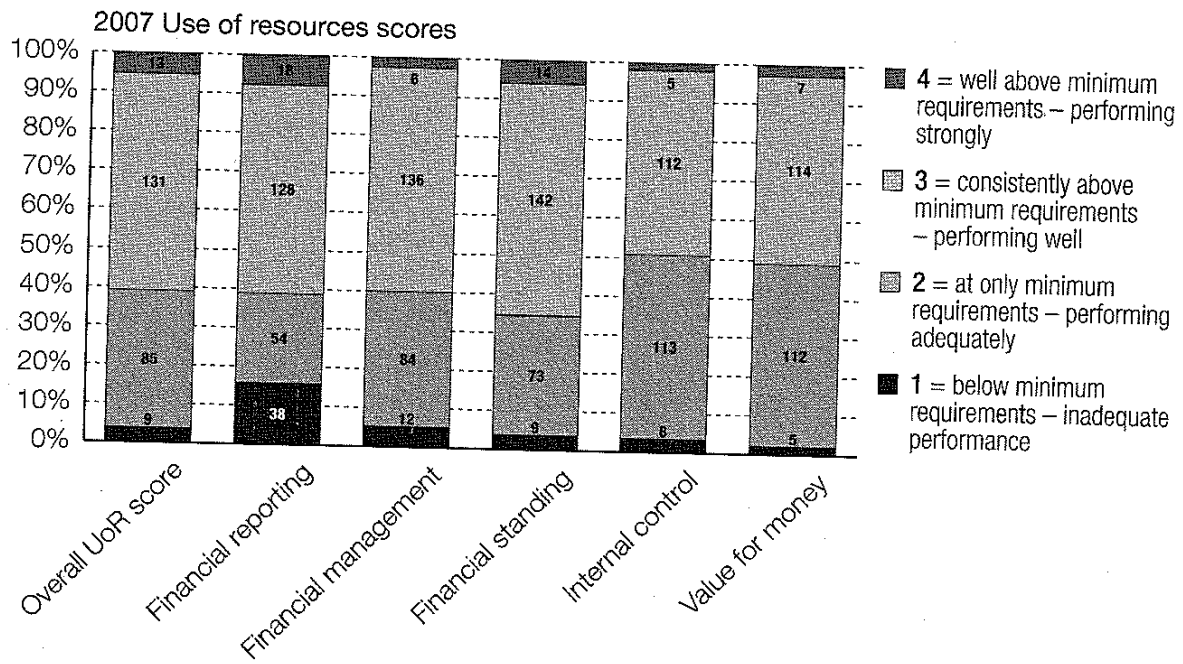


Source: Audit Commission

30 With the exception of financial reporting, there was a net improvement in scores across all themes covered by the assessment. However, with the exception of the value for money theme, more councils scored a 1 for each theme compared to 2006.

Figure 11
Use of resources scores for 2007

Value for money was the use of resources theme with the most district councils achieving minimum requirements or above.



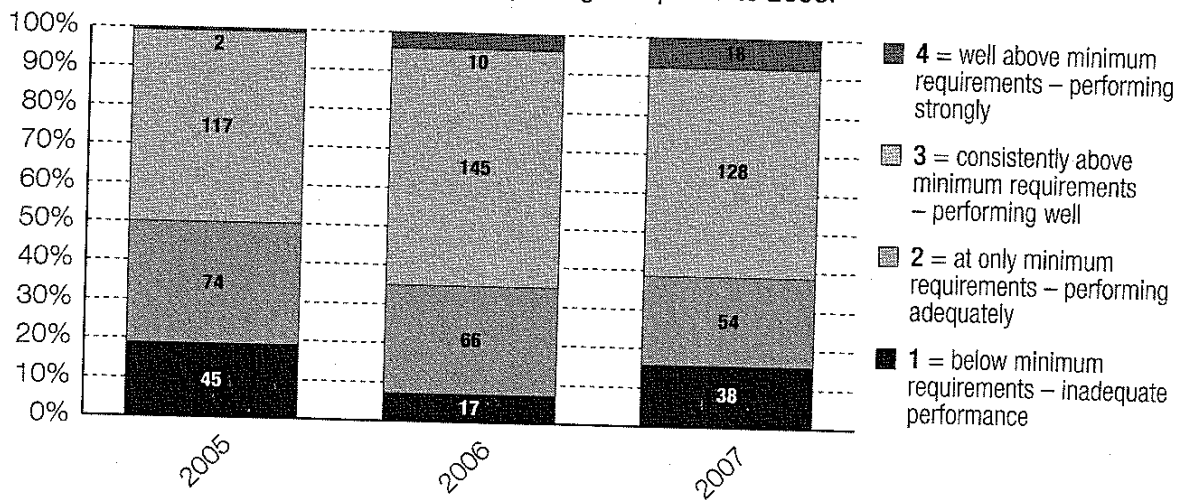
Source: Audit Commission

Financial reporting

31 The proportion of district councils performing at the highest level (scoring 4) for financial reporting almost doubled since 2006 to 8 per cent. The number of councils not meeting minimum requirements more than doubled (**Figure 12**). In 2007, 38 district councils (16 per cent) performed below minimum requirements for financial reporting, up from 17 councils (7 per cent) in 2006. Sixty-one per cent of councils performed above minimum requirements for financial reporting and 37 councils improved their score since 2006. These councils demonstrated that the quality and timeliness of their financial reporting has improved despite the more challenging deadline for approving and publishing their financial statements. However, 50 district councils had a lower score for financial reporting in 2007 than in 2006. Of these, nine councils have dropped two levels since 2006. These councils were Alnwick, Copeland, Craven, Derwentside, Ellesmere Port and Neston, Macclesfield, North West Leicestershire, Rochford and South Oxfordshire.

Figure 12
Financial reporting

While many councils have shown improvement, there has been a general decline in scores for the financial reporting compared to 2006.



Source: Audit Commission

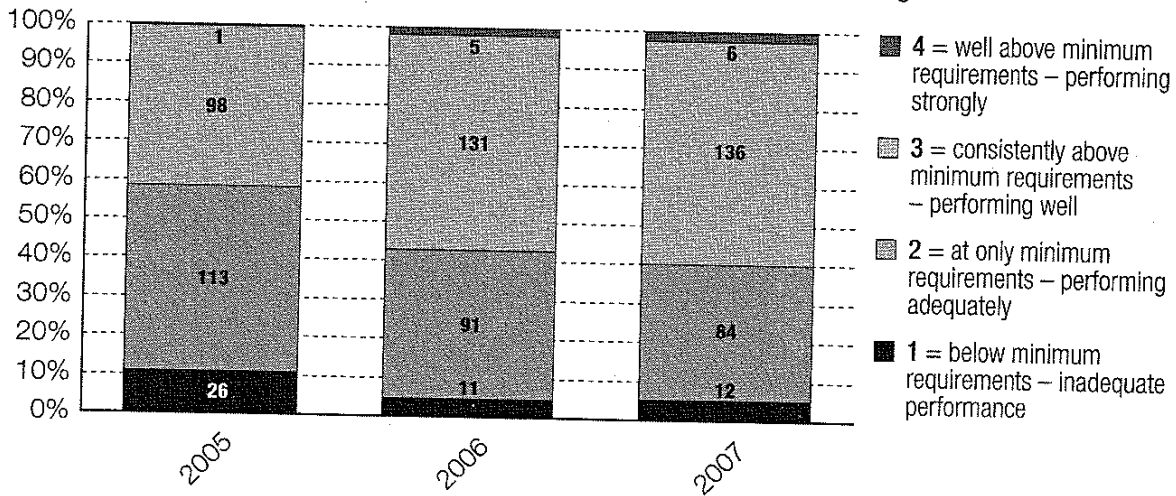
Financial management

32 District councils generally performed strongly for financial management, which encompasses medium-term financial planning and asset management, with 60 per cent of councils exceeding minimum requirements, an increase of 3 percentage points since 2006 (Figure 13). However, top performance was limited with only six district councils (3 per cent) achieving a score of 4. These were Cambridge, Chichester, Runnymede, Sevenoaks, Tonbridge and Malling and Wychavon. Seventeen councils improved their score for financial management in 2007 while 11 councils received a lower score. Twelve councils (5 per cent) performed below minimum requirements for financial management, an increase of one council since 2006.

Figure 13

Financial management

District councils generally perform well for financial management.



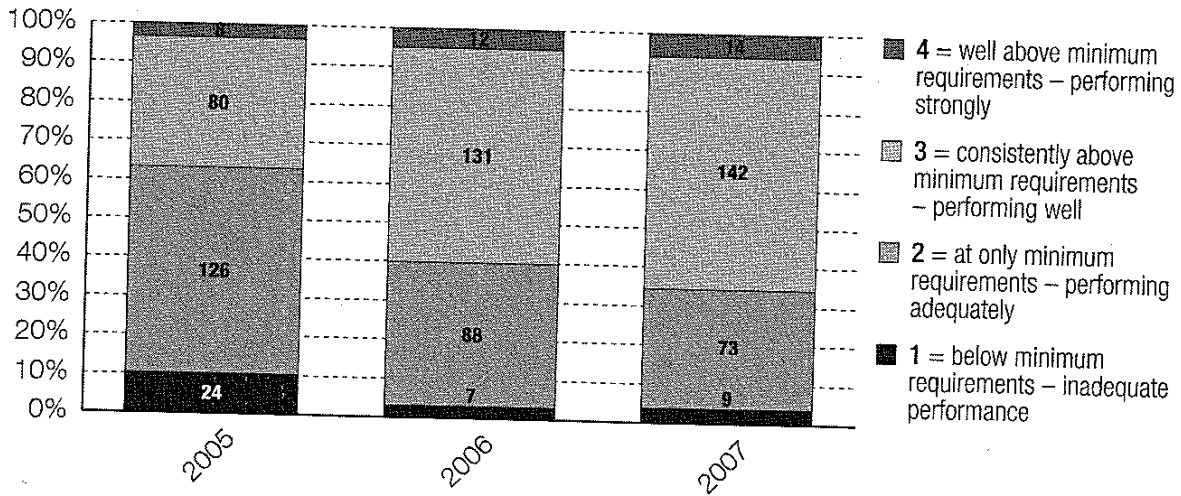
Source: Audit Commission

Financial standing

33 District councils continued to show strong overall performance in their financial standing, which assesses how well a council manages its spending within available resources. Sixty-six per cent of councils performed consistently or well above minimum requirements, an increase of 6 percentage points since 2006 (Figure 14). This makes financial standing the strongest performing use of resources theme for district councils. This theme also had the second highest number of top performers, with 14 councils (6 per cent) scoring 4. Twenty-four councils improved their score for financial standing since 2006, while only 11 achieved a lower score in 2007 than in 2006. Nine councils (4 per cent) performed below minimum requirements for financial standing, an increase of two councils since 2006. These were Berwick-Upon-Tweed, Great Yarmouth, Hart, Mid Devon, Norwich, Swale, Uttlesford, Waveney and West Somerset.

Figure 14
Financial standing

Councils continue to perform strongest in their financial standing and there has been a general improvement in scores compared to 2006.



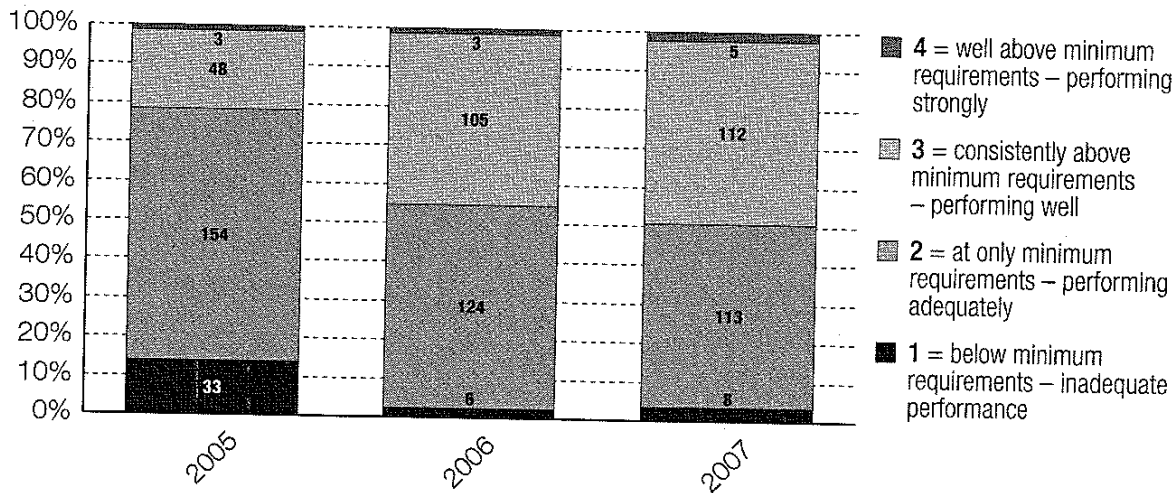
Source: Audit Commission

Internal control

34 Internal control, which assesses whether a council has effective arrangements to ensure proper use of public funds and manages its risks, showed some improvement since 2007. Forty-nine per cent of district councils exceeded minimum requirements for internal control; an increase of 4 percentage points (Figure 15). Twenty-five district councils improved their performance. Eight councils (3 per cent) performed below minimum requirements compared to 6 in 2006 and 33 councils in 2005. However, further improvements can be made. Internal control had the fewest top performers of any use of resources theme. Five councils (Canterbury, Chichester, Lewes, Sevenoaks and South Ribble) achieved a score of 4 for internal control in 2007.

Figure 15
Internal control

District councils showed improvement in internal control since 2005 although top performance remains limited.



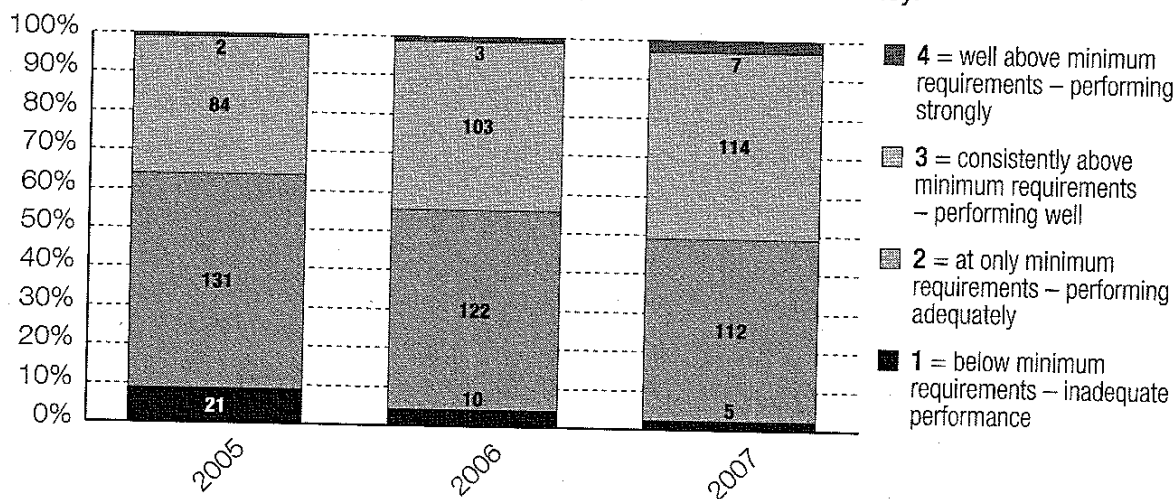
Source: Audit Commission

Value for money

35 The value for money theme focuses on whether councils currently achieve value for money and how they are managing and improving their arrangements. Fifty per cent of district councils exceeded minimum requirements for value for money and only one council, South Staffordshire, had a lower score in 2007 than in 2006. Twenty-five councils improved their score since 2006. While further progress can be made, improvement in value for money among district councils was positive. Councils were effective in addressing poor performance and the number of councils not meeting minimum requirements halved from ten in 2006 to five in 2007. District councils that did not meet minimum requirements in 2007 were Berwick-Upon-Tweed, Bromsgrove, Hart, Oxford and West Somerset. There were fewer councils performing below minimum requirements for value for money than for any other use of resources theme. Top performance also improved from just three district councils in 2006 to seven in 2007. The best performing district councils for value for money were Bedford, Chiltern, Chorley, Pendle, Rushcliffe, Sevenoaks and Wychavon.

Figure 16
Value for money

District councils continue to improve their value for money.



Source: Audit Commission

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