

CAA: USE OF RESOURCES JUDGEMENT 2009

1. The Use of Resources judgement has been part of local authorities' external scrutiny each year since 2004/5. The Audit Commission has required a self-assessment to be prepared and submitted together with evidence for:
 - financial reporting
 - financial management
 - financial standing
 - internal control
 - value for money
2. The assessment of use of Resources each year is based on the following scale for each element and overall:
 - 4 = well above minimum requirements – performing strongly;
 - 3 = consistently above minimum requirements – performing well;
 - 2 = at only minimum requirements – adequate performance; and
 - 1 = below minimum requirements – inadequate performance.

Copeland Borough Council has achieved level 2 overall each year since the Use of Resources judgement was introduced, with level 3 in some elements over the past two years.

3. From April 2009 the Use of Resources is being relaunched as part of the new Comprehensive Area Assessment. Because this new assessment regime focuses more on the quality of life for residents in the area (Copeland and Cumbria), the Use of Resources judgement will be based on a broader section of the authority's functions and cover more of the business of managing the Council. Some commentators have compared it to the corporate assessment under the CPA. The main elements of the new Use of resources key lines of enquiry are described at Annex A.
4. In common with some other small district councils Copeland Borough Council will find the demands of the new Use of Resources judgement challenging, although much of it will cover existing activities and priorities included in Council improvement plans developed over the past three years. Over the next few years it will drive up standards of local authority governance, and the risk of being assessed at level 1 will require rapid progress to be made in a number of aspects. If the Council's management arrangements are to be judged as fit for purpose, considerable focus will be needed on the requirements of each of the elements of the Use of Resources key lines of enquiry.
5. As part of the launch of the new Use of Resources key lines of enquiry some members of Corporate Team have been invited by the Audit Commission to a meeting in Kendal on 9 February. Information of how this assessment will work and more details of the key lines of enquiry which will be provided at the meeting will be shared with members and colleagues afterwards.

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?

KLOE focus:

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?

KLOE focus

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?

KLOE focus

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?

KLOE focus

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?

KLOE focus

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?

KLOE focus

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?

KLOE focus

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?

KLOE focus

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 community.

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

KLOE focus

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.