

CABINET MEMBER (RESOURCES) PORTFOLIO PRESENTATION TO STRATEGIC MONITORING COMMITTEE

Report By: Cabinet Member (Resources)

Wards Affected

County-wide

Purpose

1. To outline the key elements of the Resource portfolio and the future direction that has been agreed with the Director.

Financial Implications

2. Not applicable.

Background

3. RESOURCES DIRECTORATE

- 3.1 The Directorate consists of approximately 250 staff divided into four key areas of activity:

- Asset Management & Property Services;
- Audit Services;
- Benefit & Exchequer Services; and
- Financial Services.

- 3.2 The Directorate Management Team consists of the following members of staff:

- Director (Sonia Rees, took up appointment November 2005);
- Head of Asset Management & Property Services (Malcolm MacAskill, took up appointment May 2007);
- Audit Services Manager (Tony Ford, took up appointment April 1998);
- Head of Benefit & Exchequer Services (Mike Toney, took up appointment in July 2005); and
- Head of Financial Services (David Powell, took up appointment in September 2006).

Further information on the subject of this report is available from Mrs Sonia Rees on 01432 383518

- 3.3 The Resources Directorate is a relatively new one, being created as part of the senior management restructure agreed by Council in May 2005.
- 3.4 The Cabinet Member (Resources) and Director have a formal weekly briefing meeting. The Cabinet Member (Resources) and the Director have a monthly meeting with the Leader to discuss strategic finance issues, as the Leader has prime responsibility for this area of Council policy whilst the Cabinet Member (Resources) supports.
- 3.5 The attached Annual Report (Appendix 1) summarises performance against the Resources Directorate Service Plan for 2006/07 and highlights the key priorities for 2007/08. It was produced as a useful communication tool, both within the Directorate and for briefing the new administration.
- 3.6 The Resources Management Team (RMT) meets fortnightly. RMT monitors performance against the Directorate and four service plans for 2007/08 on a monthly basis. The Directorate risk register and budget position is also monitored on a monthly basis. The Cabinet Member reviews the monthly performance reports as a matter of routine. The Director has bi-monthly performance meetings with the Chief Executive too.
- 3.7 Performance to date against the plan is largely on track. Key priorities and issues going forward are identified in a later section of this report.

4. CURRENT PERFORMANCE

- 4.1 The benefits service is subject to an annual service inspection as part of the Comprehensive Performance Assessment (CPA) process. The service was judged to be 'fair' in 2006 (a 2 out of 4 score). The self-assessed score for 2007 is a strong 'good' (a 3 out of 4 score) and it is anticipated that this self-assessed score will be confirmed next month. The service is on target to achieve 'excellent' in 2008.
- 4.2 The Resources Directorate has a leading role in the Use of Resources judgement but the external auditor's overall assessment does rely heavily on systems and procedures being evidenced as embedded across all Directorates. The overall assessment for 2006 was 'good' with lots of progress demonstrated on all 5 headings within the assessment helping to consolidate the 3 out of 4 score from the previous year. An action plan was developed to tackle the issues identified by the external auditor and progress has been reported on a regular basis to the Audit & Corporate Governance Committee.
- 4.3 The external auditors are currently working on the Use of Resources assessment for 2007.
- 4.4 It is expected that the financial governance issues in ICT, which led to the external auditor's adverse opinion on the Council's arrangements for securing value for money in the Annual Governance Report for 2007, will have an adverse impact on the Use of Resources assessment for this year. There is a direct link between the criteria the external auditor has qualified and the Use of Resources key lines of enquiry on internal control and value for money.
- 4.5 It is also possible that the financial governance issues in ICT impact on the other key lines of enquiry in the Use of Resources judgement.

4.6 A lower Use of Resources assessment for 2007 will be a serious set back in terms of the Council's stated objective of achieving 'excellent' for Use of Resources by 2010 (the Corporate Plan 2007 – 2010 refers).

5. FUTURE PRIORITIES

5.1 The following have been identified as priorities for RMT as a whole:

- Implementing the improvement plan arising from the Section 151 Officer report on financial governance issues in ICT & Customer Services;
- Supporting additional Audit & Corporate Governance Committee meetings during the implementation phase of the above improvement plan;
- Transfer of remaining devolved financial administration and financial management staff to the Directorate;
- Maintaining / improving external assessments that feed into the CPA process and overall score – for example Direction of Travel, Use of Resources, service scores and Annual Governance Report;
- Supporting on the areas of external audit focus for 2007/08 which are Herefordshire Connects, the Public Service Trust, adult social care, accommodation strategy, governance and waste management PFI;
- Managing services at or below the agreed budget for the Directorate to include efficiency savings to pay for additional audit and procurement resource as indicated in the improvement plan arising from the Section 151 Officer report; and
- Promoting the corporate approach to asset management and capital programme management set out in the Asset Management Plan.

5.2 The key priorities for the Asset Management & Property Services team for the next twelve months are as follows:

- Completing the planned restructure – this is proving challenging and is causing delays in progress;
- Accommodation strategy – on track for an initial discussion with CMB colleagues and Cabinet at the end of the month;
- Developing the model agreed for facilities management;
- Reviewing small holdings policy;
- Assisting with the schools review;
- Supporting an ambitious capital programme – Edgar Street Grid, Rotherwas Futures, The Minister, Wyebridge Academy, Riverside replacement primary school, Sutton St Nicholas replacement primary school, new crematorium; and
- Developing partnership arrangements with Amey Wye Valley Limited.

5.3 The key priorities for the Audit Services team for the next twelve months are as follows:

- Completing the restructure agreed as part of the improvement plan arising from the Section 151 Officer report;
- Concluding internal investigations on financial governance issues in ICT & Customer Services;
- Promoting standards of internal control for all fundamental systems; and
- Advising on internal control issues to ensure Herefordshire Connects does not adversely impact on the assurance the team is able to give on the robustness of systems and procedures and compliance with them through a period of major change.

5.4 The key priorities for the Benefit & Exchequer team for the next twelve months are as follows:

- Continued improvement benefit processing and subsidy management;
- Implementation of the Local Housing Allowance scheme;
- Implementation of the new electronic document management system;
- Implementation of new software to enable benefit claimants to view their claims on line;
- Consideration of new payment options; and
- Improved management of debt.

5.5 The key priorities for the Financial Services team for the next twelve months are as follows:

- Maintaining the strong corporate focus on finance by supporting service managers with financial management advice;
- Assist Directors in developing budget management plans to achieve the non-negotiable of delivering services within a +1% tolerance of agreed budget;
- Refreshing the financial management strategy to ensure that resources follow priorities through the Performance Improvement Cycle;
- Concentrate on areas of highest risk - social care and ICT & Customer Services budgets;
- Continue to support an active approach to financial management at all levels through in-house training and accreditation for all budget holders; and
- Developing support available for strategic procurement advice from within existing resources as far as possible.
- Enforcing existing procurement policies such as the use of WMS wherever possible.

6. PERFORMANCE IMPROVEMENT CYCLE ISSUES

- 6.1 The Resources Directorate has played a full part in the current Performance Improvement Cycle as a participant in the process. The Head of Financial Services has worked closely with the Head of Policy and Performance in shaping the process on the basis of last year's experience.
- 6.2 The Resources Directorate's proposals show that performance is planned to continue improving in line with last year's proposals. This year, the Directorate has included a greater number of performance indicators giving a more complete picture of activity and planned performance.
- 6.3 The Directorate is planning to deliver improved performance within existing resources, using cash released from improved benefit performance to offset reductions in benefit subsidy and pay for increased audit and procurement resources. The Directorate plans to absorb contractual inflation on non-pay budget headings.
- 6.4 The Directorate has identified a potential capacity issue in Asset Management & Property Services when the accommodation strategy is finalised and a project has been agreed for implementation. This same team is yet to be advised of the level of support that will be required from them to support the schools review.

7. FUTURE SCRUTINY

- 7.1 The key issues within the Resources portfolio that will warrant scrutiny by the Strategic Monitoring Committee include:
- Accommodation strategy; and
 - Financial strategy.
- 7.2 Both these items are already included in the Strategic Monitoring Committee's work plan.

8. CONCLUSIONS

- 8.1 The Resources Directorate continues to direct all its efforts into supporting corporate priorities through effective management of resources. The links from the Corporate Plan and the Annual Operating Plan to personal performance plans are created via the Directorate and service plans.
- 8.2 The number one priority for the Directorate, however, is to continue to promote strong financial governance in all the Council's activities.

BACKGROUND PAPERS

- None.