

## USE OF RESOURCES ACTION PLAN 2006/7

## 1. Finance Reporting

2005 Score 3 out of 4

	Improvements required	Lead Officer	Target Date	Actions
(a)	We need to agree with the external auditors what we need to do to meet the 'exemplary working papers' criteria.	David Keetch	April 06	David Keetch has talked to the new relationship manager. Initial discussions suggest that if we can deal with (b) to (d) below especially (d) the issue about working papers might not stop us getting a score of 4.
(b)	Process of consultation with a range of stakeholders to establish their requirements in respect of the publication of summary accounts.	David Keetch	June 06	<p>Potential consultation options</p> <ul style="list-style-type: none"> <li>(i) Letters to key stakeholders</li> <li>(ii) Item in Herefordshire Matters</li> <li>(iii) Council Website</li> </ul> <p>This issue has been discussed with Public Relations and they have given us a contact name to discuss options with. Consultation will take place once a draft for 2005/6 is available.</p>
(c)	Publication of Summary of Accounts that are intelligible and accessible to members of the public.	David Keetch	August 06	Heather to talk to John Burnett's team about graphics etc prior to preparing a draft for publication 2005/06.
(d)	Provide more challenge /analytical review to help prevent "non-trifling " errors in the accounts.	David Keetch	May 06	Reiterate strongly to the Service Accountants of the absolute requirement to do challenging analytical reviews particularly in relation to debtors/ creditors and bank reconciliation entries.

## 2. Financial Management

2005 Score 3 out of 4

	Improvements required	Lead Officer	Target Date	Actions
(a)	Approving a comprehensive medium term financial plan or strategy document.	Director of Resources	First draft April 06  Approved June 06	Director of Resources to take appropriate Medium Term Financial Plan to Cabinet for approval.
(b)	Develop clear linkages between the medium term financial strategy and other internal strategies e.g. accommodation, pay and workforce, Corporate ICT, Performance Management.	Director of Resources	First draft April 06  Approved June 06	Medium Term Financial Plan to demonstrate appropriate links with these strategies.
(c)	Prepare and gain approval by C.M.B of a formal scheme of budget delegation below Director Level.	David Keetch	August 06	David Keetch to discuss with the Director of Resources the "delegation arrangements" prior to preparing a document for approval by Corporate Management Board. Principles paper agreed with Corporate Management Board March 2006. Scheme of Delegation needs to reflect agreed changes.
(d)	Strengthen arrangements for involving budget holders in the budget setting process.	David Keetch	August 06	Issue of formal scheme of delegation and circulation to budget holders.
(e)	Develop and demonstrate clear links between the Councils various planning levels including service plans and the budget setting process.	David Keetch	August 06	The scheme of delegation will make clear the involvement of budget holders in budget setting and the necessary links with service plans etc.
(f)	Evidence that both the Medium Term Financial Plan and the annual budgets are subject to	Director of Resources	August 06  First draft April 06	See Director of Resources work on Medium Term Financial Plan.

	<b>Improvements required</b>	<b>Lead Officer</b>	<b>Target Date</b>	<b>Actions</b>
	annual budgets are subject to risk assessment and sensitivity analysis.		06 Approved June 06	
(g)	Ensure that relevant non-financial and financial information is reported to and used by Budget Holders.	David Keetch	August 06	Initiate discussion at Corporate Finance Group. Improved information to be included in the 2006/07 month 4 Integrated Performance Report. An improved draft report to be circulated for comments.
(h)	Progress in achieving planned savings and efficiency gains is regularly reported to senior management with developed action plans.	Andrew Tanner	August 06	More constant vigilance by Director and Heads of Service.  Explicit links e.g. including efficiency savings progress in the Integrated Performance Report
(i)	Implementing a comprehensive training programme.	Andrew Tanner	August 06	Andrew Tanner is co-ordinating a structured training plan.
(j)	Approval of and action a qualified plan for the reduction of back log property.	Colin Birks	August 06	Colin Birks has produced a note on the backlogs. This needs to be converted into a formal action plan in respect of Corporate maintenance. A copy of the CPA feedback information has been passed to Colin Birks.
(k)	Identification of the extent to which whole life costing and option appraisal are applied.	Colin Birks	August 06	Colin Birks is also going to look into this from a Property point of view. Option appraisal and whole life costing are included as fundamental elements in the bidding process for Prudential borrowing funding. Bidders are required to consider different options and put forward the best option, fully costed in terms of both revenue and capital funding over the life of the asset created. Additionally the repayment of prudential borrowing debt is over a period no longer than the life of the asset created.

### 3. Financial Standing

2005 Score 2 out of 4

	<b>Improvements required</b>	<b>Lead Officer</b>	<b>Target Date</b>	<b>Actions</b>
(a)	Take action to correct the base budget.	Director of Resources	March 06	The Director of Resources has taken steps to correct the base budget as part of 2006/07 Budget Setting process. See budget report to Council on 10 <sup>th</sup> March 2006.
(b)	Constantly maintain spending within overall budget without significant unexpected overspends or under spends.	Director of Resources	March 06	Corporate Management Board has agreed that budgets must be managed to come in at or below the approved budget for the year.  All Directors must prepare a budget plan for the forthcoming financial year immediately the Budget for the year is approved.  Action plans for each Directorate are also required in order to contain spend within the approved budget during the year.
(c)	Demonstrate that target levels for reserves and balances are based on a thorough understanding of needs and risks, including the Treasury Management Strategy and that these targets are met.	Director of Resources	July 06	See Director of Resources work on the Medium Term Financial Strategy.
(d)	Demonstrate that monitoring information is available that evaluates the effectiveness of recovery actions, associated costs and the costs of not recovering debt.	Mike Toney	July 06	Mike Toney is looking into this issue. A copy of the Comprehensive Performance Assessment feedback had been passed to Mike Toney.

**4. Internal Control****2005 Score 2 out of 4**

	<b>Improvements required</b>	<b>Lead Officer</b>	<b>Target Date</b>	<b>Actions</b>
(a)	Revise Cabinet's terms of reference to include responsibility for risk management.	David Keetch	Done	Amendment now included in the Constitution. (See Part 6 The Executive 6.2.2.1)
(b)	Develop partnership risk management arrangements.	Tony Ford	July 06	George Bromage attending CIPFA training session prior to suggesting possible developments.
(c)	Provide risk management training for officers and members.	Andrew Tanner	August 06	Members risk management seminar has been organised for 4 <sup>th</sup> April 2006. AT to run rolling training programme for officers. Include as part of Audit Committee training made available to all members.
(d)	Further develop and demonstrate the quarterly risk management reporting.	Andrew Tanner	August 06	Andrew Tanner to collect more evidence. Directorates advised that Risk Management should be on DMT agendas quarterly.
(e)	Develop the assurance framework, in particular mapping strategic objectives to risks, controls and assurances.	Tony Ford	Done	Report to Audit Committee on 20 <sup>th</sup> February 2006.
(f)	Develop the role of the Audit Committee to provide effective leadership on audit and governance issues.	Tony Ford	March 06	Recommendations made to Audit Committee on 20 <sup>th</sup> February 2006. Follow up report to the Audit Committee on 7 <sup>th</sup> April 2006.
(g)	Demonstrate how business critical systems are identified and procedure notes/manuals reviewed and updated	Tony Ford	April 06	Processes now in place to demonstrate how critical system are identified. These systems will form part of the Audit plan for 2006/07. Procedures are reviewed annually in line with the Audit Commission timetable.

	<b>Improvements required</b>	<b>Lead Officer</b>	<b>Target Date</b>	<b>Actions</b>
	annually.			
(h)	Ensure that Standing Orders and Financial Regulations are reviewed annually.	Andrew Tanner	April 06	AT to ensure an annual review takes place.  Links into review of Financial Policies. Changes to Standing Orders and Financial regulations will be necessary.
(i)	Demonstrate how compliance with the standing orders, standing financial instructions and the scheme of delegation is monitored, breaches identified and action taken.	Tony Ford	June 06	Links to the Audit Plan have been outlined in the Audit Plan Report to the Audit Committee on 7 <sup>th</sup> April.  Needs to be part of the Assurance Framework
(j)	Ensure Statement of Internal Control is a separate process throughout the year process.	Tony Ford	June 06	See Statement of internal Control report to Audit Committee on 20 <sup>th</sup> February 06.  Tony Ford doing progress report to the Audit Committee on 7 <sup>th</sup> April.

## 5. Value for Money

### Overall

The evidence to support achievement is stronger than that to support management and improvement. We therefore need to focus the improvement plan on getting the process better. Corporate Finance Group should be able to provide this consistency across the Council.

	<b>Improvements required</b>	<b>Lead Officer</b>	<b>Target Date</b>	<b>Actions</b>
(a)	Audit Commission mention that integrated reporting was in its infancy, this now needs to be developed to track the average costs of service provision where applicable and include these in reports as a priority.	Andrew Tanner	August 06	
(b)	Surveying of user experiences needs to be consistent across the board (not good in Social Care) although this does not lie in our area. Steve Martin will be a good first point of contact here.	Andrew Tanner	August 06	

	<b>Improvements required</b>	<b>Lead Officer</b>	<b>Target Date</b>	<b>Actions</b>
(c)	Corporate core costs are high and these will need to be reviewed during closing.	Heather Foster	June 06	The way we complete the Government RA form has been reviewed and changed for 2006/07. In addition Property and Info will in future be treated in the 2005/06 Accounts and following years, as support services.
(d)	More consistent use of benchmarking for service costs (part of Corporate Finance Group remit together with using average/unit cost info in corporate reporting).	David Keetch	August 06	
(e)	We need to review whether VFM being achieved in voluntary sector contributions (scrutiny concluded we are weak here).	Greg Evans	August 06	
(f)	Potential weakness in linking capital with corporate priorities – need to be more explicit in this link in capital programme reports but capital strategy explains links pretty well (and highly praised by SMC).	Andrew Tanner	August 06	



	<b>Improvements required</b>	<b>Lead Officer</b>	<b>Target Date</b>	<b>Actions</b>
(g)	Procurement strategy does need to be properly implemented. I do think we need to at least try and show we are stronger here although in the absence of a central procurement unit it could be difficult.	Sonia Rees	August 06	New Procurement post expected in the Resources structure together with proposals as part of the Corporate Strategy building on detailed work done by AXON.
(h)	Not established corporate benchmarking arrangements – can I suggest we set some targets for Corporate Finance Group to rectify this and prepare a once yearly Cabinet report? I don't want to make an industry of this due to questionable added value but once year should not be onerous and links in well with the Gershon Efficiency non-cashable gains.	Andrew Tanner	August 06	
(i)	Role of Scrutiny in performance review will be picked up as part of corporate improvement plan for CPA.	Andrew Tanner	August 06	

<b>Improvements required</b>	<b>Lead Officer</b>	<b>Target Date</b>	<b>Actions</b>
(j) Overall FLAES 06/07 in particular needs to be explicit in links between efficiency strands and also driven by Senior Management Team. Senior Management Team agendas will include regular (monthly) Efficiency reports.	Andrew Tanner	June 06	