

REPORT FOR STRATEGIC MONITORING COMMITTEE 26th JUNE 2006 CABINET MEMBER (RESOURCES)

SUMMARY OF PERFORMANCE IN 2005/06

The new Resources Directorate is made up of the former County Treasurer's Department and the Property Services section from the Environment Directorate. Responsibility for corporate procurement also transferred from the former County Solicitor & Secretary's Department. The Directorate became operational through the existing management structures in November 2005. Performance overall is perhaps best described as steady during 2005/06 given the senior management changes that happened during the year.

The implementation of a new software system in Revenues and Benefits had a major impact on performance in the earlier part of 2005/06. It recovered strongly in the last half of the year but overall performance for the year was still below target. The benefit inspectors made allowances for the dip in performance due to the software change in awarding the Council a rating of 3 out of 4 for the Benefits element of Herefordshire's Comprehensive Performance Assessment (CPA) in 2005. Continuing to improve performance will be a key issue for 2006/07.

The Property Services team had a busy year with operational workload and staffing issues making progress with strategic asset management during the year difficult. Getting back on track with strategic asset management planning will be a key issue for 2006/07, as will building the joint venture relationship with Herefordshire Jarvis Services.

The finance and audit teams continued to offer solid support to the rest of the organisation. The 2005 CPA score perhaps best reflects the contribution they made during the year with a judgement of 3 out of 4 on the Use of Resources element of the inspection. The annual Statement of Accounts for 2004/05 was completed and approved within the statutory deadline and received praise from the external auditor. An Audit Committee was established which met twice in the year. Key targets for 2006/07 include:

- continuing to develop a culture for financial management being part of everyone's day job – not just the finance technicians and professionals; and
- continuing to develop the role of the Audit Committee.

Further progress on procurement was made during the year with the production of a corporate procurement strategy. Work to co-ordinate procurement activity, embed Herefordshire's procurement policies and manage suppliers had to be left as the resource for these activities was not available. A Job Description / Person Specification has been agreed for a corporate Procurement and Efficiency Manager. Catch-up will be a key priority in 2006/07 as procurement will be a key theme within the Herefordshire Connects programme.

PERFORMANCE PLANS FOR 2006/07

The Chief Executive provided feedback on progress with management issues identified for the year in March 2006 as part of the Director's commitment process. It was agreed that the following areas required further attention in 2006/07:

- **Customers matter** – the Directorate needs to improve perceptions of its commitment to customer care. The transfer of public facing staff in the Revenues & Benefits section to Customer Services should lead to demonstrable improvements in 2006/07. A review of communications to both internal and external customers to ensure a customer friendly approach was considered overdue. It was also felt the Directorate's professional staff need to offer more proactive and innovative support in line with the move to a more corporate approach to resource management.
- **Performance management matters** – it was disappointing that performance on LPSA1 was reported as being in line with other councils during the 3-year period of the agreement only to find that final performance was in fact below average. The Directorate has a key role supporting the monitoring arrangements for the LPSA and needs to develop ways of challenging the accuracy of the performance management information

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being reported by lead officers. We also continue to see wide variations in the budget position forecast by service managers during the year and actual outturn. There is more work to do to encourage service managers to focus on delivering improving services within budget.

- **Budgets matter** – further service overspends occurred in 2005/06 that are not sustainable into the future. The Directorate needs to support the development and delivery of action plans to ensure that a balanced budget is delivered for 2006/07. This activity will include securing agreement to permanent virement both within and between Directorates and providing Cabinet with more regular feedback on corporate financial risks in addition to the budget monitoring exception reports that are produced as part of the Integrated Performance Report.
- **Use of Resources matters** – retaining the auditors' 2005 judgment is considered a significant challenge as even more rigorous inspection is anticipated with the arrival of a new District Auditor and Relationship Manager coupled with the current social care inspection position. Whilst the Resources Directorate can deal with many of the process issues, all Directorates will need to be able to demonstrate that they understand and comply with the corporate financial governance framework.
- **Property matters** – whilst we have a highly rated Asset Management Plan, progress in implementing it has been limited. Making progress with the Accommodation Strategy will be a key priority for 2006/07, as will reviewing the corporate policies for land and property ownership within the Council.

Recruitment and selection for the three new Head of Service posts within the Directorate took place between 6th and 9th June. Mike Toney, currently Assistant County Treasurer with Herefordshire, was appointed as Head of Benefit & Exchequer Services. David Powell, currently Head of Resources within the Education Department at Torfaen County Borough Council, was appointed subject to satisfactory personal and medical references to the Head of Financial Services post. At the time of writing, discussions with the preferred external applicant for the Head of Asset Management & Property Services were ongoing.

The new Heads of Service will be key to driving the improvements in the key areas outlined above. Detailed organisational plans to ensure a corporate approach to utilising the resources available for financial management, financial administration, strategic asset management, property operations, audit and procurement will then be developed and implemented.

Other key issues for 2006/07 include:

- Completing an unqualified Statement of Accounts for 2005/06 on time;
- Responding positively to the BFI inspection of our intervention work on benefits;
- Completing self-assessments for Use of Resources and Benefits on time;
- Developing a Medium Term Financial Strategy by the end of July;
- Supporting the Herefordshire Connects programme; and
- Implementing the Accommodation Strategy.