

# WYCHAVON D.C. - USE OF RESOURCES 2006 - UPDATED SELF ASSESSMENT

## Financial Reporting

KLOE	Improvements needed	Action since 2005 Use of Resources
1.1 The council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	Wychavon should consider the merits of producing exemplary working papers, which include all the requirements specified in the "Prepared By Client" prior to the commencement of the audit. There should be a clear audit trail from the draft accounts to the working papers and they should be clearly and fully referenced so that the external auditors are able to understand the working papers without having to refer to the finance staff for further clarification.	<p><b>Working papers were much improved this year, to include all the requirements specified in the KPMG "Prepared By Client" document. Cross-referenced working papers and a full audit trail which included provision of working papers on a CD were provided.</b></p> <p><b>All working papers were reviewed by the Accountancy Services Manager and the draft Statement of Accounts was reviewed by the Head of Resources prior to the commencement of the audit. Further explanations were provided to the auditors on request and there are no outstanding issues.</b></p>
1.2 The council promotes external accountability.	None.	<p><b>The Council was announced as the overall winner of Cipfa's Public Reporting and Accountability Award in June 2006. This was specifically for our Council Tax leaflet, Annual Report and Statement of Accounts (both summary and full version).</b></p>

## Financial Management

KLOE	Improvements needed	Action since 2005 Use of Resources
2.1 The council's medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities.	<p>Wychavon should consider refining its MTFS further to ensure that it is linked to other internal strategies such as the HR and IT and refine the sensitivity analysis within the MTFS.</p> <p>It should also consider ensuring that its MTFS models balance sheets and</p>	<p><b>The medium term financial strategy has been reviewed and a new Money Plan for 2007/08 to 2011/12 produced and agreed by the Council. See Item 5 of the attached Executive Board agenda from 11 July 2006. <a href="http://www.e-wychavon.org.uk/modern.gov/Published/C0000314/M00001966/\$\$ADocPackPublic.pdf">http://www.e-wychavon.org.uk/modern.gov/Published/C0000314/M00001966/\$\$ADocPackPublic.pdf</a></b></p> <p><b>This identifies relevant linkages such as with the Asset Management Plan and Pay and Workforce Strategy. The link</b></p>

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	<p>cashflows over a minimum of 3 years.</p>	<p><b>with asset management planning is particularly important owing to the need for the Council to identify additional capital resources over the Money Plan period. Finally, the need for longer term service planning and for this to be linked to longer term financial planning has been identified and is incorporated within the Budget Process currently underway.</b></p> <p><b>The Money Plan models revenue, capital and underlying cash balances over the five year period to March 2012. From this analysis the need for additional capital resources, potentially through prudential borrowing, has been identified and work is now underway to progress this. The revenue consequences of cash compared to property holdings is also explored.</b></p>
<p>2.2 The council manages performance against budgets.</p>	<p>Wychavon should consider developing its commitment accounting system by reporting to the Executive fully accrued financial monitoring reports on a quarterly basis including appropriate revenue accounts and balance sheet items.</p> <p>It should also consider ensuring that the planned savings and efficiency gains are profiled over the year (based on the project plan for their realisation) and that there is adequate monitoring throughout the period by Members.</p>	<p><b>The monthly budget monitoring system has been developed in the early part of 2006/07 to assist the strategic financial management of the Council, making use of the commitment accounting system. Monthly monitoring reports now include full details of spend against budget in line with the Council's priorities and a quarterly estimated balance sheet is being produced. Work to further improve the profiling of the Council's budgets has commenced.</b></p> <p><b>Planned efficiency savings have been / will be included within the budget for the year and are being / will be profiled and monitored as part of monthly budget monitoring.</b></p> <p><b>The role of the Council's Performance and Monitoring Scrutiny Team has been developed during the first half of 2006/07. Part of its role will now be to take a particular interest in financial monitoring and the Signals of Success report has been developed to reflect this as well as required improvements to the performance monitoring information. Information on efficiency savings is also included. See Item 5 of the attached Executive Board agenda from 19</b></p>

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		September 2006. This report is also considered by the Performance and Monitoring Scrutiny Team. <a href="http://www.e-wychavon.org.uk/modern.gov/mgConvert2PDF.asp?ID=2001&amp;T=10">http://www.e-wychavon.org.uk/modern.gov/mgConvert2PDF.asp?ID=2001&amp;T=10</a>
2.3 The council manages its asset base.	None.	Following on from the Money Plan (see 2.1) work has been programmed to review the Council's assets to identify potential disposals. We are currently liaising with our RSL partners to identify potential development sites in the Council's ownership. Finally, the Council has expressed a strong interest in hosting the Revenues and Benefits Shared Services Organisation which would result in a financial return for surplus office space at the Civic Centre.

### Financial Standing

KLOE	Improvements needed	Action since 2005 Use of Resources
3.1 The council manages its spending within the available resources.	Not applicable, noted as an area of notable practice.	The five year Money Plan for 2007/08 to 2011/12 (see 2.1) demonstrates that the Council plans to continue to manage its spending within available resources.

### Internal Control

KLOE	Improvements needed	Action since 2005 Use of Resources
4.1 The council manages its significant business risks.	Wychavon should ensure that it fully updates its risk register and encourages the wider use of the register to manage its day to day operational and strategic risks. It should also ensure that all members receive risk management awareness training.	<p>Updating of operational risk registers is the responsibility of individual members of Senior Management Team and Middle Managers, who are reminded of the need to keep registers up to date on a continuous basis. A sub group of the Senior Management Team which includes the Managing Director has been established to support this process.</p> <p>Work on Business Continuity is currently taking place and further risks identified as part of this work will be / are being incorporated within the risk register. The corporate risk register is up to date and is reviewed quarterly by Senior</p>

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		<p>Management Team and Members as part of the Signals of Success reporting process (see 2.2). Following a recent review, two additional corporate risks have been identified – failure to address the implications of any future reorganisation of local government and failure to address the implications of shared services and partnership working. Risk Management is now considered to be further embedded at all levels in the Council than in 2005.</p> <p>For example, in June 2006, the Performance and Monitoring Scrutiny Team looked in detail at “what if” scenarios in relation to the Refuse Collection contract. Furthermore, an event has been arranged for 19 October 2006 to which all Members have been invited. Session topics include efficiency and procurement as well as risk management and business continuity planning. Speakers will include the Assistant Director at the West Midlands Centre of Excellence and the Emergency Planning Officer from Worcestershire County Council.</p>
<p>4.2 The council has arrangements in place to maintain a sound system of internal control.</p>	<p>Wychavon needs to develop its approach for reviewing and approving the Statement on Internal Control. It also need develop its Assurance Framework to provide Members with the assurance that the Council's internal controls are effective.</p>	<p><b>This year we changed our SIC procedures and incorporated a review by the Performance and Monitoring Scrutiny Team, prior to going to Executive Board and Council for final approval along with the draft Statement of Accounts.</b></p> <p><b>The development of the assurance framework in essence means that we are continually working to evidence a definite link between documented risks and the internal controls which are used to mitigate these risks. This is being done via the risk registers and also through the work undertaken by internal audit. Both of these feature in the statement that managers are asked to sign each year which feeds into the SIC process.</b></p> <p><b>We are continuing to talk to Covalent about developments to link risks to objectives and performance indicators.</b></p>
<p>4.3 The council has arrangements</p>	<p>Wychavon needs to review the</p>	<p><b>The Council's Anti Fraud and Corruption Policy has recently</b></p>

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<p>in place that are designed to promote and ensure probity and propriety in the conduct of its business.</p>	<p>adequacy of the resources it has available to undertake counter fraud and corruption work.</p> <p>Wychavon needs to ensure that its overall risk management process specifically takes into account risks on fraud and corruption.</p> <p>Wychavon should consider ensuring that successful cases of proven fraud and corruption are routinely publicised to all staff.</p>	<p>been revised and will be re-launched when approved by Council on 31 October 06. See Item 8 of the attached Executive Board agenda from 19 September 2006.</p> <p><a href="http://www.e-wychavon.org.uk/modern.gov/mgConvert2PDF.asp?ID=2001&amp;T=10">http://www.e-wychavon.org.uk/modern.gov/mgConvert2PDF.asp?ID=2001&amp;T=10</a></p> <p><b>An inherent feature of all internal audit work is to bear in mind at all times the scope for possible fraud and corruption in the area being audited. This continues to be the case. An annual review of fraud and corruption is undertaken by Internal Audit using the Audit Commission's checklist and no significant problem areas have been identified.</b></p> <p><b>Senior and Middle Managers are periodically encouraged to recognise their responsibilities in assessing the potential risk of fraud and corruption being committed in their service areas. This is part of the overall risk management process, and also feeds into the SIC certification. To identify typical scenarios, an electronic library of typical risks / controls is available on the staff intranet. Details of frauds notified, for example via Audit networks, or the National Anti Fraud Network (NAFN) are disseminated to appropriate staff by the internal audit section.</b></p> <p><b>In relation to Housing and Council Tax Benefit fraud, we are committed to all aspects of counter fraud activity. The Council subscribes to several data matching exercises such as HB Matching Service, National Fraud Initiative and a local joint project with other Local Authorities to detect landlord fraud which is in addition to local referrals. Successful prosecutions are always publicised.</b></p> <p><b>A Middle Managers' subgroup has recently looked at Declarations of Interests by Officers and following consideration by Senior Management Team, new policy /</b></p>
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		guidance has been issued.
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### Value for Money

KLOE	Improvements needed	Action since 2005 Use of Resources
<p>5.1 The council currently achieves good value for money.</p>	<p>None.</p>	<p><b>The Council Tax increase was limited to 2.5% for the 7<sup>th</sup> year in a row. A band D Council Tax of £98 in 2006/07 compares to the average for district councils of around £150. This puts our Council Tax around the 15<sup>th</sup> lowest nationally but we are far from complacent about value for money.</b></p> <p><b>Using VFM Profiles 2005 data, Wychavon's total expenditure on services per head remains in the lowest quartile compared to all district councils in England. In fact Wychavon has moved around 12 places up the league table using 2005 data as opposed to 2004 data. Notable improvements in terms of costs per head have been seen in housing, cultural services and central services.</b></p> <p><b>At the same time performance compares well with other councils and is continuing to improve. The most recently available data shows 73% of the Council's statutory BVPI's for 2004/05 were above average (top 2 quartiles). Of the 36 BVPI's for the Council, 22 were improved in 2005/06 compared to 2004/05 and only 4 saw a dip in performance. In the 4 cases where performance dipped, all are and remain in the top quartile compared with other district councils. See Signals of Success End of Year Results, Item 5 of the attached Executive Board agenda from 6 June 2006.</b></p> <p><b><a href="http://www.e-wychavon.org.uk/modern.gov/Published/C00000314/M00001960/\$ADocPackPublic.pdf">http://www.e-wychavon.org.uk/modern.gov/Published/C00000314/M00001960/\$ADocPackPublic.pdf</a></b></p> <p><b>The past year has seen notable successes in terms of attracting financial rewards for good performance. Planning</b></p>

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		<p>Delivery Grant of £314,000 was awarded for 2006/07. This follows the award of £419,000 for the Local Authority Business Growth Incentive Scheme.</p> <p>Following on from the Money Plan, the Budget Process has been developed and the link between service and financial planning strengthened, building on the work started last year. This is to help ensure that resources continue to follow Council priorities.</p>
<p>5.2 The council manages and improves value for money.</p>	<p>None.</p>	<p>Currently, Goal 2 under the Council's Priority to be "An excellently run Council" is about using our money effectively and efficiently. Council Tax increases limited to 2.5% have been factored into Money Plan projections. In addition, we aim to beat the Government's efficiency targets whilst improving service quality. Our performance in terms of BVPI's (see earlier) and our AES returns demonstrate that we are well on track to achieve this. See Paragraphs 3.11 and 3.12 of the latest Signals of Success report:  <a href="http://www.e-wychavon.org.uk/modern.gov/Published/C00000314/M00001970/\$\$ADocPackPublic.pdf">http://www.e-wychavon.org.uk/modern.gov/Published/C00000314/M00001970/\$\$ADocPackPublic.pdf</a></p> <p>Examples of efficiency gains which have so far been included are:</p> <ul style="list-style-type: none"> <li>• investment of cash assets in a supermarket built as part of a regeneration project which is generating a return that is significantly higher than if the cash had been retained and invested in the money markets available to local authorities</li> <li>• investment of further cash assets in a hospital which is being built to serve the local community and will again generate a return significantly higher than through investment in money markets</li> <li>• staff savings as a result of reviewing service provision when staff turnover occurred, resulting in re-allocation of</li> </ul>

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		<p>duties and changes in the ways that services are provided</p> <ul style="list-style-type: none"><li>• achievement of a series of smaller efficiencies across the council through the strategy of absorbing inflation costs across non-contractual supplies and services budgets.</li></ul> <p>Follow the link to see the Council's AES returns: <a href="http://www.communities.gov.uk/pub/107/LAefficiencystatementsStocktononTeestoYork_id1503107.pdf">http://www.communities.gov.uk/pub/107/LAefficiencystatementsStocktononTeestoYork_id1503107.pdf</a></p> <p>A restructuring of the Revenues and Housing Service earlier in the year provides an excellent example of the Council's relentless pursuit for efficiency. See Item 5 of the Executive Board agenda from 7 March 2006: <a href="http://www.e-wychavon.org.uk/modern.gov/mgConvert2PDF.asp?ID=1830&amp;T=10">http://www.e-wychavon.org.uk/modern.gov/mgConvert2PDF.asp?ID=1830&amp;T=10</a></p> <p>Furthermore, Items 11 and 12 of the attached provide further examples of the Council's willingness to work in partnership with others to achieve greater efficiencies: <a href="http://www.e-wychavon.org.uk/modern.gov/Published/C00000314/M00001800/\$\$ADocPackPublic.pdf">http://www.e-wychavon.org.uk/modern.gov/Published/C00000314/M00001800/\$\$ADocPackPublic.pdf</a></p> <p>Following on from the announcement that Wychavon was one of only 5 councils to achieve the top score for Use of Resources, we have promoted the idea of an Innovation Club where we can challenge and learn from each other. Equally we are keen to share our learning and have facilitated an event for other councils on value for money and have attended a similar event at South Ribble. We have also been involved in two value for money benchmarking exercises, including one in which both the Audit Commission and KPMG were also involved. This goes to prove that we are keen to learn more and improve further and we are far from complacent.</p>
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		<p>The Council will adopt an “Excellent 8” Improvement Plan following consideration of this by Executive Board on 19 September. See Item 6 of the attached agenda: <a href="http://www.e-wychavon.org.uk/modern.gov/Published/C00000314/M00001970/\$ADocPackPublic.pdf">http://www.e-wychavon.org.uk/modern.gov/Published/C00000314/M00001970/\$ADocPackPublic.pdf</a></p> <p>This will ensure that the Council continues to improve value for money in the absence of planned service inspections this year. (NB case for CPA re-inspection and particularly Council performance compared to others as illustrated in Appendix 1).</p> <p>The Council is enthusiastically embracing opportunities to improve efficiency through more effective procurement. In the last year we have been market testing internet based ordering for stationery supplies in conjunction with two neighbouring authorities and a similar contract has been set up for volume paper supplies. County-wide and regional discussions are regularly held to identify and review opportunities for collaborative procurement. Examples include insurances, agency staff, CCTV monitoring and facilities management. In some of the “quick win” areas, these discussions have helped us to confirm that we are already obtaining best value.</p> <p>The Council has entered into an agreement with Worcester City Council to buy in procurement expertise. This expertise is currently advising on major Street Scene contracts due for renewal in the near future but will soon move on to more corporate procurement advice. Programmed work includes developing an internet based selling to the Council guide, introducing P-cards and continuing to review joint working opportunities.</p> <p>In terms of joint working, real progress has been made over</p>
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		<p>the last 12 months on Revenues and Benefits Shared Services. A Business Case has been produced and is currently the subject of consultation with staff before formal Member consideration. Further joint working possibilities are actively being pursued and the Council recently attended a County-wide event aimed at enhancing two tier working.</p> <p>The Council has continued to attract external funding into the District during the year to support capital projects, notably from Section 106 agreements.</p> <p>Furthermore the case of the Droitwich Spa Lido provides a recent example of the Council's robust decision making in terms of capital investment. In addition to the capital costs, the full revenue implications were considered by the Executive Board before making the final decision to proceed:</p> <p><a href="http://www.e-wychavon.org.uk/modern.gov/mgConvert2PDF.asp?ID=1879&amp;T=10">http://www.e-wychavon.org.uk/modern.gov/mgConvert2PDF.asp?ID=1879&amp;T=10</a></p> <p>Finally, a system of post project review has been formally introduced whereby lessons learned from major capital projects can be identified for the future. See Item 8 of the Overview and Scrutiny Committee agenda from 18 July 2006 for more information: <a href="http://www.e-wychavon.org.uk/modern.gov/mgConvert2PDF.asp?ID=1998&amp;T=10">http://www.e-wychavon.org.uk/modern.gov/mgConvert2PDF.asp?ID=1998&amp;T=10</a></p>
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Chief Executive: Jack Hegarty

Key Contacts: Vic Allison and Fiona Narburgh

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