

Report to: **Audit Committee**  
Date: **18 July 2008**  
Report of: **Director of Finance and Corporate Services**  
Subject: **Use of Resources Auditor Judgements 2007 – Feedback**  
Ward: **All**

## **1. Purpose of the Report**

- 1.1 To inform members of the feedback from the Audit Commission on the Use of Resources Assessment for 2007.

## **2. Consultation**

- 2.1 The report was prepared in consultation with the Council's Financial Management Unit and the Asset and Property Manager. The report has been circulated to Management team for comment.

## **3. Use of Resources Feedback 2007 - Easington**

- 3.1 Members will recall the Extraordinary Meeting of the Council held on the 3<sup>rd</sup> April 2008 where the Annual Audit and Inspection Letter was considered. Within the letter reference was made to the Council's arrangements for 'Use of Resources,' which was scored as 3 from 4 showing that it is working above minimum requirements and performing well in most areas.
- 3.2 The assessment evaluates how well councils manage and use their financial resources and focuses on the importance of having sound strategic financial management to ensure resources are available to support the Council's priorities and improve services.
- 3.3 Attached is the full report from the Audit commission entitled 'Use of Resources Auditor Judgments'- Audit 2007/8.
- 3.4 The report acknowledges that the Council's arrangements have improved, strengthened and more importantly are embedded when compared to the previous year. In particular financial management, where the score increased from 2 to 3.
- 3.5 Within the report the findings and conclusions for each theme are set out.

Key Messages: -

- Financial Management - Need to embed plans in relation to the asset base - these are ongoing.
- Value for money - Develop the positive actions to address weaknesses in housing services. The council is supporting East Durham Homes in this work.

- 3.6 In terms of value for money housing was still an issue for 2007 following the previous ALMO inspection; however we have recently seen significant improvements where East Durham Homes is addressing the significant weaknesses from the last

report particularly around value for money issues such as financial sustainability, the housing repairs service and the capital works transfer. There is still some way to go but hopefully the progress made can be reflected in our next use of resources assessment.

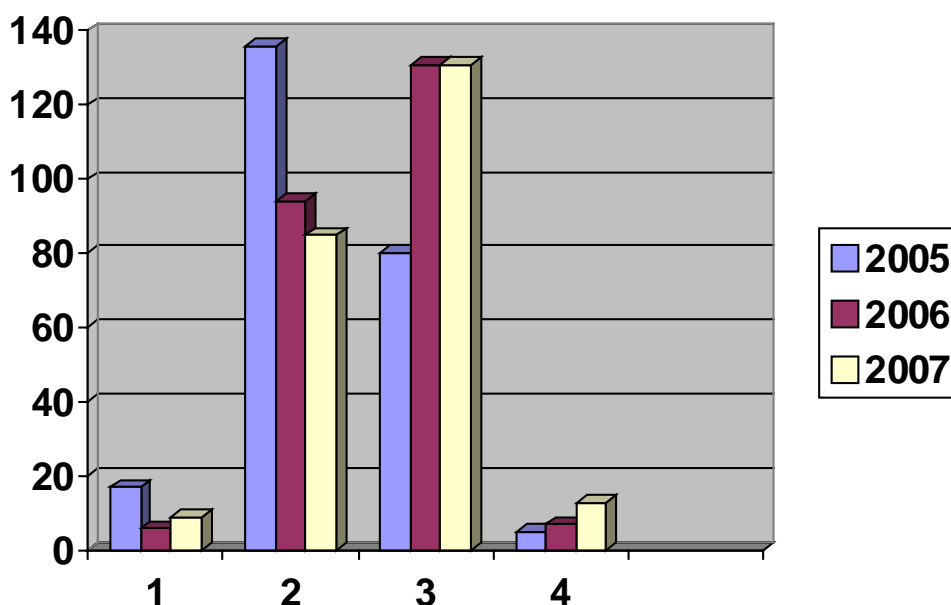
- 3.7 Appendix 1 of the Audit Commission report informs the Council of changes to the key lines of enquiry (KLOES), which they will use in 2008, whilst the local government review is impacting on the Council I'm confident the changes will not adversely affect the Council's position.
- 3.8 In conclusion the Auditor states *that the Council has continued to actively improve its performance and is consistently above the minimum requirements and is performing well.*

#### 4. National and Regional Position

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- 4.1 District Councils are still continuing to improve with 61% performing consistently or well above minimum requirements, this compares to 58% in 2006. The number of authorities scoring 4 has increased from 7 to 13 representing 6% of Councils. However the number of district councils not meeting minimum requirements (scoring 1) has increased from 6 councils (2006) to 9 (2007).

**Table 1 – National Distribution of scores for District Councils (2005-2007)**



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- 4.2 The following table shows the position across Durham and Northumberland including the County Councils.

**Table 2 – Durham and Northumberland**

Authority	2005 Score	2006 Score	2007 Score
<b>Durham</b>			
Chester le Street	2	2	3
Derwentside	2	3	2
Durham City	2	3	3
Easington	3	3	3
Sedgefield	3	3	3
Teesdale	1	2	2
Wear Valley	2	3	3
Durham County	3	3	3
<b>Northumberland</b>			
Alnwick	2	3	2
Berwick-upon-Tweed	2	2	2
Blyth Valley	3	3	3
Castle Morpeth	2	3	3
Tynedale	2	3	3
Wansbeck	2	3	3
Northumberland County	3	3	3

## 5.0 Implications

### 5.1 Financial

None.

### 5.2 Legal

None

### 5.3 Policy

None

### 5.4 Local Government Review

In terms of 2008 the audit report sets out changes to the key lines of enquiry and I have indicated that the changes should not adversely affect our scores next year albeit we will not be embarking on any new initiatives.

In saying that members will be aware that priorities are shifting towards implementation of the new unitary authority from next April and officers are working with District and County colleagues directing their attention to ensuring the new council achieves a use of resources score of at least 3.

### 5.5 Risk

The report is for information.

### 5.6 Communications

None

### 5.7 Corporate Implications

None

### 5.8 E Government

None

5.9 **Procurement**  
None.

5.10 **Equality and Diversity**  
None

## **6. Recommendations**

6.1 The Committee is recommended to note the information contained in the report.

### **Background Papers**

Report to Extraordinary Report to Council-3<sup>rd</sup> April – Audit and Inspection Letter 2007.  
Use of Resources Auditor Judgements – 2007. (Audit Commission)  
Summary of Use of Resources Scores 2007 - Audit Commission

27<sup>th</sup> May 2007  
THB/Use of resources feedback 2007.-audit committee