



Governance and the use of resources

Regeneration & Resources Scrutiny

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www.southwark.gov.uk

Why we are here.....

Provide the Committee with an update on a number of the key issues emerging from the current agenda for public service delivery.

The national picture....

- Expectations rising; shifting public service structures
- Economy, Effectiveness, Efficiency - the (not so new) buzz words!
- From Best Value to Gershon – 2.5% efficiency gains required on net budget
- Burden of inspection – pressure on Council resources
- Partners, partnering & partnership

Agenda requires joined up approach

But is it joined up – take Education?

- Every Child Matters
- Dedicated Schools Grant
- Building Schools for the Future
- Academies Programme
- Extended Schools
- Schools Balances
- CPA Framework
- Gershon efficiencies



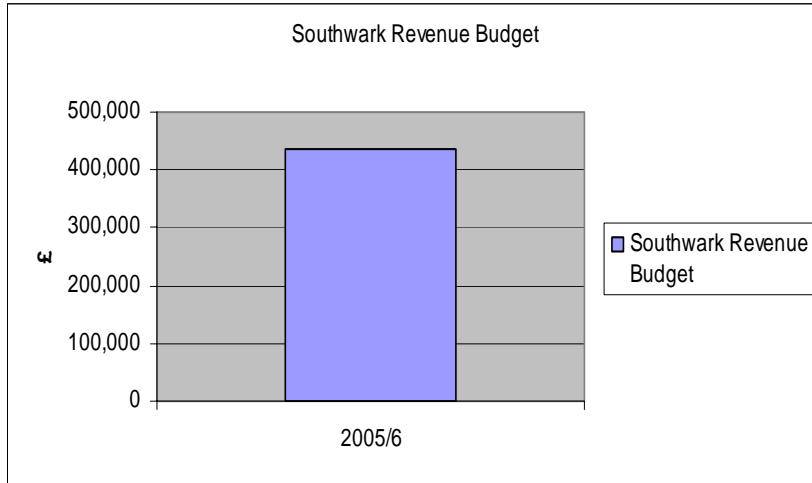
So where are we?

CPA & Use of Resources -2005

- CPA is a harder test
- The performance bar is raised – it's different from before!
- New focus on Value for Money
- Increased quality of service for customers and partners
- Greater emphasis on community engagement
- Closer scrutiny of Governance models

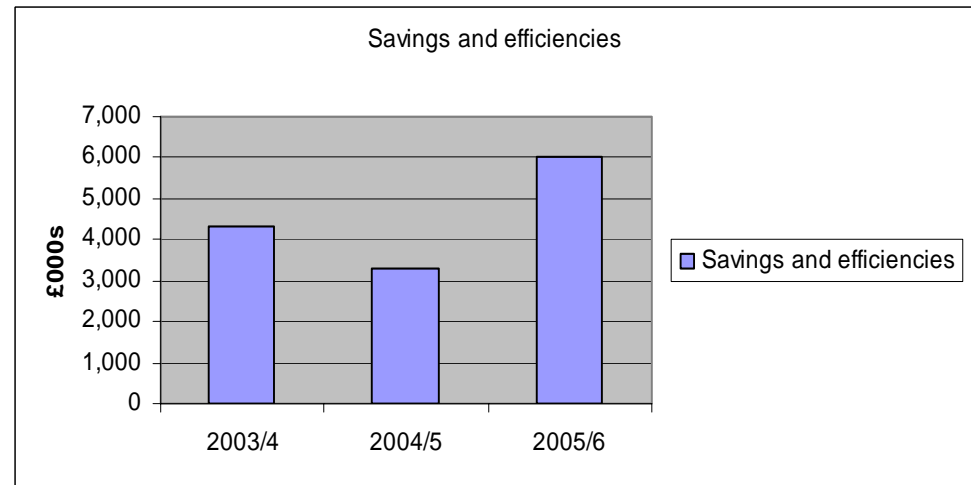
Huge Challenge for London Councils

The Southwark picture....

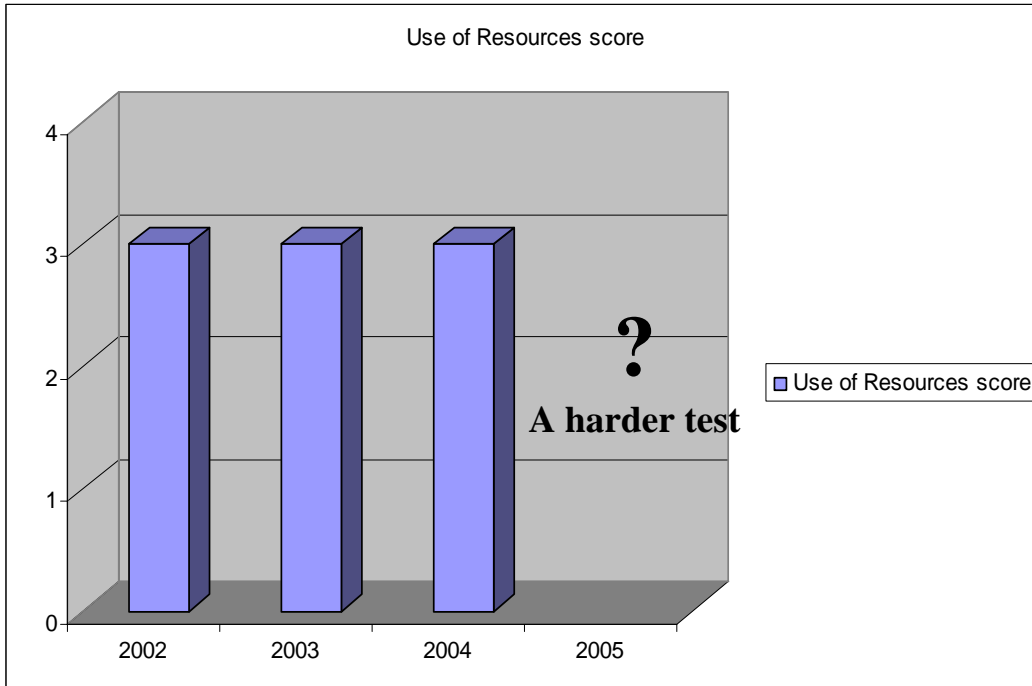


The Council has a net revenue budget of £435.9m net (£901.7m gross) in 2005/6. Some two fifths is spent on education and a quarter on social care

The Council has generated over £13.5m savings and efficiencies over the last three years (2005/6 planned)



The Southwark picture....



Southwark has sustained its score for Use of Resources since the first CPA judgement in 2002. 2005 result currently awaiting confirmation.

What the Auditor says

Financial reporting



- Timely preparation of financial statements—*further drive to achieve earlier closedown*
- Better quality working papers – *need to continue improvement*
- External accountability – *additional requirements to consult with stakeholders*

A tougher test satisfied –more work to be done

Financial management



- Resources follow priorities through medium term financial strategy – *increased emphasis on partnership working*
- Good performance in achieving budgets – *better links to corporate performance reporting*
- Use of Assets – *develop evaluation measures and links to policy priorities*

Strong financial management - but areas for improvement

Financial standing



- Spending managed within resources and with low council tax – *challenge to sustain*
- On track to meet targets for general reserves – *levels need further review*
- Ambitious debt management targets – *need constant review*

Good financial standing always a challenge to sustain

Internal control



- Strengthened standards of conduct and risk – *further embed and engage members / officers*
- No formal audit committee but existence in different forms – *pressure to reconsider approach*
- Fraud and corruption prevented – further *strengthen proactive approach*

We need to be up with the front of the field

Value for money

- Services largely cost-effective with low council tax – *need for robust evidence to sustain*
- Alignment of service and financial planning to reallocate resources – *further strengthen links to performance and financial monitoring*
- A strong VFM culture – *demonstrate ability to improve by building on new systems (e.g. procurement, efficiency, etc.)*
- Efficiencies focused on people, processes, property, procurement - *2006/07 target of £3.9m (cashable)*

The climate gets tougher

Why an Audit Committee?

- Not new to public sector but exist in fewer than half of local authorities
- Key element of good corporate governance exist in Southwark in different forms
- Purpose is independent assurance about adequacy of financial management and reporting; what about Council, Executive, Scrutiny?
- Membership - Separate from executive and scrutiny functions, with independent chair and clear rights of access

Consolidate on strengths or change approach

Summary: key issues and challenges

- Integrated service and financial planning driven through Corporate Plan and medium term financial strategy – *moving to three year planning and further partnership working*
- Debt management – *a new schedule to agree and deliver*
- Assets managed in line with priorities – *more sophisticated asset management planning with delivery of big regeneration schemes*
- Existing processes for standards of conduct have been strengthened and risk management underpins delivery – *need to sustain and build risk management*

Summary: key issues and challenges

- Redirection of resources into community safety and streetscene – *Gershon pressure to achieve further efficiencies & direct to the ‘frontline’*
- Services continue to benchmark against comparators to achieve VFM – *need to remain robust and challenging*
- Efficiency programme – *need to improve information and further develop programme*
- Governance – *arrangements to remain integrated and ‘fit for purpose’*

Concluding thoughts....



- Southwark is a billion pound public organisation that manages resources effectively
- Heightened & changing expectations from the public and government
- Maintaining strong probity and sound governance
- Managing risks at a time of significant change

Challenge to maintain and build on recent improvements