

Annual Audit and Inspection Letter

March 2008



# Annual Audit and Inspection Letter

Hart District Council

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Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

### **Status of our reports**

This report provides an overall summary of the Audit Commission's assessment of the Council, drawing on audit, inspection and performance assessment work and is prepared by your Relationship Manager.

In this report, the Commission summarises findings and conclusions from the statutory audit, which have previously been reported to you by your appointed auditor. Appointed auditors act separately from the Commission and, in meeting their statutory responsibilities, are required to exercise their professional judgement independently of the Commission (and the audited body). The findings and conclusions therefore remain those of the appointed auditor and should be considered within the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission.

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# Contents

<b>Purpose of letter</b>	<b>4</b>
<b>Key messages</b>	<b>5</b>
<b>How is Hart District Council performing?</b>	<b>6</b>
Our Direction of Travel report	6
How is the council currently performing?	8
Hampshire Local Area Agreement	14
Service inspections	15
<b>The audit of the accounts and use of resources</b>	<b>16</b>
The audit of the 2006/07 accounts	16
Use of Resources assessment (2007)	16
Data quality	19
<b>Looking ahead - Comprehensive Area Assessment</b>	<b>20</b>
<b>Closing remarks</b>	<b>21</b>
Availability of this letter	21

## Purpose of letter

- 1 The Annual Audit and Inspection letter provides an overall summary of the Audit Commission's assessment of the Council. It includes our review of how well the council has progressed over the last year (our Direction of Travel report) together with the results of any inspections carried out. It also summarises the findings and conclusions from the audit of the Council for 2006/07 including the auditor's assessment of how well the Council manages its use of resources.
- 2 We have addressed this letter to councillors as it is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money. We have highlighted areas for action to assist the Council in meeting its responsibilities.
- 3 This letter also communicates the significant issues to key external stakeholders, including members of the public. We will publish this letter on the Audit Commission website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk). In addition the Council is planning to publish it on its website.

## Key messages

- 4 The investments made over the last two years to make Hart a better managed Council are beginning to result in improved services for local people. Strong leadership has been sustained and Councillors are working well together cross party on service and financial planning. There are also positive signs that financial management, underpinned by a medium term financial strategy, is being strengthened. However, this is from a low base. In 2006/07 Hart remained amongst the ten councils in the country assessed as less than adequate for the way it manages its use of resources. There remains much to do if the Council is to meet its aspiration of *"being closer to excellence in all that it does"*. To reach these levels the Council will need to:
  - further strengthen its capacity to accelerate the pace of change and improvement to meet the challenges it has set itself to achieve greater efficiency and deliver improved outcomes for service users, particularly through increased joint working with external providers and partners;
  - establish clear outcomes and success measures for the priorities set out in the new corporate plan;
  - focus on improving outcomes to benefit local people in approaches to equalities and diversity and in achieving more impact in the local area through the Local Strategic Partnership; and
  - make the step change necessary to achieve at least an adequate assessment for managing its use of resources.

# How is Hart District Council performing?

## Our Direction of Travel report

### Summary

- 5 Investments in strengthening systems and processes and building capacity to make Hart a better managed Council have been sustained, and services in priority areas are now improving.
  - Performance is improving in a number of important customer facing services. For example, the Council is exceeding national targets on waste recycling and the service is more reliable, benefits claims are being dealt with quickly and the Council continues to improve its homelessness service.
  - The Council is strengthening its financial and performance management, although from a low base. For 2007/08 the Council has found the required savings to close the budget gap of £1.5 million. The budget and service planning process is now in its second year and started earlier, with wider involvement from councillors and includes mechanisms to challenge spending and performance. The Council has a new corporate plan with two clear priorities underpinned by a medium term financial strategy.
  - Strong leadership has been sustained and Councillors are working well together cross party on service and financial planning and on options for service provision. For example the Council is seeking to resolve weaknesses in capacity through a programme of outsourcing services backed up by plans to reduce internal support service costs.
  - Senior officers and councillors have invested time in rebuilding relationships with key external partners with the aim of strengthening the local strategic partnership (LSP) and developing the Council's community leadership role.
- 6 However, to accelerate the pace of change and improvement there are a number of issues that still need to be tackled.
  - The extent of Hart's improvement in 2006/07 is less than at other district councils and there are areas of weaker performance that are deteriorating. For example, the time taken to respond to Ombudsman complaints, the speed of dealing with minor planning applications and the cost of waste collection.
  - The Council will miss its own target on new affordable homes this year and has not had a clear approach to tackling planning issues associated with the Special Protection Area.

- The Council is falling behind other councils on its approach to equalities and diversity, and a planned consultation strategy has not been delivered. This means that disadvantaged groups cannot be assured of equal access to Council information and services, although positive actions are being taken within the housing service.
- The Council is still unable to demonstrate whether it is delivering value for money (VFM). Furthermore it lacks adequate arrangements for managing and improving VFM. The service planning process for 2008/09 has been improved and requires managers to assess VFM, but this is not being consistently translated into improvement actions in draft service plans.
- The LSP is only delivering a limited set of projects. This year has been viewed as an interim year for the LSP as relationships between partners are strengthened and a new Sustainable Community Strategy is developed. The LSP now needs to start delivering more extensive outcomes for the community.
- Sickness absence is high and rising. This could indicate low staff morale which has the potential to impact on the Council's ability to sustain future change.

### **Action needed by the Council**

- 7 The Council needs to take action in a number of areas to sustain and strengthen improvement:
  - strengthen and extend the work that has been started on equalities and diversity, and consultation;
  - develop the range of actions within service plans to improve VFM;
  - ensure the LSP concentrates on implementation and delivery of the new Sustainable Community Plan;
  - ensure the risks associated with change, and in particular with shared services and outsourcing are identified and managed;
  - continue to strengthen financial and performance management. In particular develop joint financial and performance monitoring. Ensure reports to councillors draw attention to the key issues so that poor performance is highlighted early; and
  - deliver sustainable improvements in the planning service as this is essential to support the Council's corporate priorities on the environment and affordable housing.

## How is the council currently performing?

### Overall performance

- 8 Based on a selection of performance indicators (PIs) the Council increased the proportion of its PIs in the best 25 per cent to 33 per cent in 2006/07 and this is now at a similar level to other district councils. Performance in the best quartile includes the time taken to deal with benefit claims, the amount of waste collected, the extent of kerbside recycling, meeting planning quality standards, the length of stay in temporary accommodation for homeless families and participation and volunteering in sport and recreation.
- 9 However, overall the extent of the Council's improvement in 2006/07 was below average. Forty-nine per cent of performance indicators are improving but 40 per cent are deteriorating. Over half of performance indicators are below average and 75 per cent of these are deteriorating. This includes the speed of dealing with minor planning applications, the time taken to deal with complaints, sickness absence and the cost of waste collection.

### Corporate plan themes

- 10 In its new Corporate Plan and Medium Term Financial Strategy 2007/11, the Council has set out two priorities: environment and affordable housing. Our assessment of progress reflects the importance of these two areas.

### Environment

- 11 Hart aims to enhance the natural and built environment and ensure clean, green and safe streets and public spaces. The natural environment, environment and planning, environmental management, clean streets and public spaces, and waste are key elements within this priority.
- 12 The Council is improving on many aspects of the environment that the people of Hart will notice and has more performance 'environmental' indicators in the best 25 per cent than other districts. The extent of improvement overall is slightly below the average for districts nationally. The proportion of waste recycled or composted increased and exceeded the national government target of 30 per cent in 2006/07. This percentage has continued to increase and the Council's own figures suggest that in July to September 2007 it reached 40 per cent. The Council collects less waste than other councils and the level has been falling. Additionally, the Council provides kerbside recycling for all of its households. The waste collection service is becoming more reliable. The number of missed bins reduced from 119,000 in 2006/07 to 4,000 for the first seven months of 2007/08. This reflects the investment the Council made in new waste vehicles.
- 13 Last year we reported that customer satisfaction with waste collection was at a low level (51 per cent) and was deteriorating. The Council's own survey in May 2007 suggests this has improved to 65 per cent, although this is still in the worst 25 per cent of councils.

- 14 The Council's performance on standards of cleanliness in public spaces was in the best 25 per cent of councils in 2006/07 and this is being maintained though 2007/08, although the 2006/07 indicator was not properly measured. Following the service review of street cleansing, changes have been introduced to better meet customer needs. For example, additional weekend cleaning was introduced in Fleet High Street over the Christmas period, to encourage Christmas shoppers.
- 15 In a few areas the Council has performed less well. The cost of waste collection is above average and has increased significantly from £33 to £50 per household. The percentage of new homes built on previously developed land is relatively low and deteriorating.

### **Affordable housing**

- 16 Hart Council aims to provide an adequate supply of affordable housing to meet the needs of local people. Housing strategy, meeting diverse needs, new housing, best use of existing housing and rural housing are key elements within this priority.
- 17 The Council's performance in delivering affordable homes is mixed. The number of new affordable homes this year will be low. Only 17 new affordable homes are forecast for completion in Hart this year. This is below the Council's target of 80 and fewer than in previous years - 87 were completed in 2006/07. This reflects that the Council's approach to new affordable housing has some weaknesses. In particular, there has not been a clear approach to tackling problems associated with the Special Protection Area, although this is widely recognised as a difficult issue.
- 18 A number of housing projects will come on stream in future years and the forecast number of new affordable homes is set to increase again next year. Based on analysis of current development plans the Council forecasts 83 new affordable homes next year and 158 the following year, with a higher proportion of social rented homes starting to come through in 2009/10. For the first time in several years the Council brought empty homes back into use in 2006/07. Using its rent deposit guarantee scheme, 18 empty private sector homes were brought back into use.
- 19 The Council has been supporting the development of small housing schemes for vulnerable people. This includes the supported lodgings scheme for young people run in partnership with Hampshire Supporting People and local young people's charity Step by Step. A choice based lettings scheme has also been introduced this year, and whilst it does not increase the number of houses, it potentially allows better utilisation of existing housing through allowing people choice. Early evidence suggests it results in fewer early failed tenancies.
- 20 The homelessness service has improved even though it already performs highly. No homeless families had to stay in bed and breakfast accommodation in 2006/07 – and this has been maintained through 2007/08.

- 21** Improvements to the planning service have not been strong. The speed of dealing with 'minor' planning applications deteriorated and was in the worst 25 per cent of councils in 2006/07 and fell below the government target. The speed of dealing with 'other' planning applications was below average and also deteriorated. In addition, the percentage of planning appeals allowed rose. The Council's own data suggests that for April to September 2007 the speed of dealing with 'minor' planning applications improved and exceeded the national target. The Council's planning policy team has had a high level of vacancies this year and Local Development Framework (LDF) milestones were not met in 2006/07. Good performance in planning is essential to support the Council's corporate priorities on the environment and affordable housing.

### **Other services**

- 22** There have been improvements across revenues and benefits that the people of Hart would recognise. The speed of processing new benefit claims and changes of circumstances improved in 2006/07 and is in the best 25 per cent of councils. The number of days taken to process claims increased in the period April to September 2007/08 but still represents best quartile performance. The Council is implementing an action plan to improve performance on the proportion of housing benefit cases processed correctly, following an internal audit report that highlighted poor performance. In 2006/07 the proportion of cases processed correctly was in the worst 25 per cent of councils.
- 23** In 2006/07 the percentage of council tax and NNDR collected was in the worst 25 per cent of councils. The service has a new manager and the Council's own data suggests performance has been turned around and collection rates are up on the same period last year. According to the Council's own data, at the end of September 2007, 3 per cent more NNDR and 12 per cent more council tax had been collected than at the same point in 2006.
- 24** Improvements on reducing crime are mixed. Recorded crime in Hart continues to be lower than for other districts in Hampshire. Hart has the lowest rate of Hampshire districts for sexual offences, violent crimes and robbery, is average for burglary and below average but not the lowest for car crime. However between 2005/06 and 2006/07 the number of recorded crimes rose by 175 from 2,725 to 2,900. Violence against the person, sexual offences and robbery reduced, but acquisitive crimes - burglary and car crime - increased.
- 25** The Council in partnership with the LSP and in particular the Hart Neighbourhood Centre has developed projects to support young people and reduce anti social behaviour including the 'Get With' project which ran through the summer holidays, and combined management development for local business employees with activities for local young people.

## Access to services

- 26** The Council remains at level 1 of the local government equality standard compared to 71 per cent of councils that have already achieved level 2. This means that the Council is falling behind other councils on enabling and improving access to services for disadvantaged groups in the local community. The Council has developed gender equality and disability equality schemes and is planning to achieve level 2 of the equality standard by October 2008. Most other councils are already carrying out impact and needs assessments, consultation and equality action planning for employment and service delivery across all services.
- 27** The Council has not improved its overall approach to consultation. Delivery of a new consultation strategy has slipped and the Council's approach to engaging with service users, stakeholders, partners and hard to reach groups is not clear. However service reviews carried out in 2007 did include focus groups and surveys with the citizens panel, and workshops with service users, stakeholders and partners. Some of the findings have been implemented or taken forward in service plans for 2008/09. For example, street furniture is being cleaned manually rather than by machine following suggestions made by the citizens panel, and there has been positive feedback about the effectiveness of this. In addition, the housing service is planning improvements to access to services for hard to reach groups. A housing service report on the BME population in Hart found, for example, that BME groups are a higher proportion than expected on the housing register but a lower proportion than expected in social housing and are possibly more dependent on private rented housing – a more insecure form of rental. Housing officers are planning to develop two forums, one for gypsies and travellers and one for other BME groups.
- 28** The performance of the Council's contact centre is improving. More calls to the Council are being answered within 15 seconds, which represents better access to services for local people. At the end of 2006/07 the Council was answering 35 per cent calls within 15 seconds. This rose to 68 per cent for June to September 2007 and the Council now anticipates exceeding its own target of 40 per cent for 2007/08.
- 29** The Council has not increased the percentage of buildings accessible to disabled people and missed its own target of 55 per cent in 2006/07. This means that over half of Council buildings are currently not accessible to disabled people.
- 30** For top earning jobs the Council's workforce does not reflect the local community in terms of the proportion of women and those from black and minority ethnic (BME) communities. However, the workforce as a whole is becoming more representative of the community it serves for people with a disability and those from BME communities.

## Current and future plans and capacity

- 31 The Council is improving its plans and its financial and performance management to further strengthen its community leadership role and the services it provides and enables. It is also improving capacity through closer working across services and cross-party, developing relationships with partners and embarking on a programme of shared services and outsourcing.
- 32 The Council has adopted a new corporate plan and medium term financial strategy for 2007/11. This establishes two clear priorities and a direction that responds to the challenges the Council faces. The Council expresses a willingness to embrace radical change, for example, through outsourcing, and includes a target to reduce the proportion of expenditure taken by support costs by 10 per cent over the life of the strategy. An implementation plan is being developed and the outcomes within this are being used to direct the 2008/09 budget and service plans. Draft outcomes include improving the percentage of waste recycled (excluding composting) to 40 per cent by 2010 and developing country park(s) to resolve housing issues associated with the Special Protection Area. It is crucial these outcomes are quickly agreed so that they can drive improvement in 2008/09.
- 33 To deliver its affordable housing priority the Council is working to find alternatives to new build to increase the number of affordable homes in the short-term. Housing officers are exploring a range of options, for example, leasing surplus Ministry of Defence accommodation. The Council is also working with neighbouring authorities to increase affordable homes. For example, there is a Blackwater Valley agreement to share nominations on major new housing sites. This work has not yet delivered outcomes for local people in Hart, but if successful could help close the short-term gap.
- 34 The Council has set out a clear and specific set of seven strategic priority outcomes for 2007/08. These cover the council organising itself effectively, working for local people and with partners and improving customer and staff satisfaction. The Council is making good progress against this plan. For example, a corporate plan and medium term financial strategy has been produced, and decisions have been taken on shared/outsourced services. Hart has also developed a climate change strategy that is out for consultation.
- 35 Draft service plans for 2008/09 maintain and extend improvements introduced in 2007/08. They are concise, identify performance indicators and projects and have SMART targets. The budget and service planning process has started earlier this year and councillor involvement has been extended to include shadow spokespeople. Additionally, the process and templates have been updated to allow earlier challenge and to align budget and service planning, and to ensure VFM, risk management and equalities and diversity are taken into account. Outcomes from service reviews carried out during the year are informing service plans for 2008/09. For example, a proposed review of green waste has been included in the environmental maintenance service plan. Councillors and officers are enthusiastic about the outcomes from the service reviews and the way in which they generated challenge from staff, councillors, partners and users.

- 36** However, there are still a number of important areas where performance management and service planning is weak. The VFM and equalities and diversity content of draft service plans is not strong and does not consistently include improvement actions. For example, there are no major actions or areas for improvement on VFM in the draft service plan for the planning service although we have highlighted in our Use of Resources report that there is not a sufficiently positive relationship between costs and performance in planning. Corporate performance monitoring reports to Councillors do not draw attention to the most important issues and comparative information is not provided making it difficult to get a sense of whether performance is good or poor. Financial and performance monitoring is not combined, but the Council is planning to address this to enable more focus on VFM. The reporting of draft service plans to the overview and scrutiny committee was not effective as the discussion focused on the detail of the plans. The Council is planning to allocate an overview and scrutiny councillor to each service to work together through the year rather than just during the budget and service planning process, and this should support a more effective approach.
- 37** Strong managerial leadership aligned with effective portfolio holders has been instrumental in maintaining and extending improvements. There are also a number of examples of cross-service and cross-party councillor working which are enhancing capacity. Housing and planning services are improving the way they work together at officer and councillor levels through regular meetings and joint attendance at external meetings. This is supporting the Council's plans for affordable housing.
- 38** The Council is improving its capacity through sharing and outsourcing services and there is cross-party support for this. A joint legal service with Basingstoke and Deane Council started in November 2007 and Hampshire County Council will run payroll from April 2008 with a saving of £20,000 per annum. The Council is planning to outsource the revenues and benefits service to an external provider to improve service delivery and achieve future savings as support service costs are reduced over time. The Council is also considering outsourcing a number of other services in order to reduce its support service costs and improve productivity. These services include waste, street cleansing and grounds maintenance and a partnership arrangement for central support services. Whilst these changes are being developed and implemented the Council faces risks to service provision, for example, sickness absence is relatively high and rising which may reflect low staff morale. Actions are now being taken to tackle these high levels of sickness absence.
- 39** Hart is strengthening its relationships with key partners but needs to start delivering real outcomes in partnership. Senior officers and councillors are more involved in the LSP and are optimistic that it can start to deliver outcomes in 2008/09 within the framework of a new Sustainable Community Strategy. There has been effective partnership working with external partners on housing management and the Council in partnership with parish councils has recently won £200,000 lottery funding for children and young people's play and activity.

- 40 The governance of significant partnerships is also improving. The Council has developed a 'partnerships framework' and a toolkit for assessing whether partnerships are properly set up and governed. The Council is using this framework to review the governance of two key partnerships, the LSP and the community safety partnership.
- 41 The planning service has faced capacity issues. The planning policy team experienced a high number of vacancies this year but the Council is now working to bring the team to capacity and a new Local Development Scheme with more realistic milestones is nearing completion. Hart has recognised that it needs to take a more strategic and proactive approach to planning housing development, which in turn will provide more control over the quality of development, and is arranging training for councillors to support this approach. There is also an emerging view from the Council that SPA issues can be overcome. As development sites come forward, large developers can provide areas of Suitable Alternative Natural Greenspace (SANG) to counterbalance concerns about the SPA and a mechanism can be developed to allow this to support smaller developers.

## Hampshire Local Area Agreement

- 42 The Hampshire Local Area Agreement (LAA) is progressing well with good engagement and cooperation from all partners, including District Councils. The LAA runs from April 2006 to March 2009. The original agreement and action plan was signed in February 2006 and the outcomes, indicators and targets have been updated for 2007/08. The LAA helps focus the attention of partners on 8 priority outcomes and 4 Flagship initiatives drawn from the Hampshire Sustainable Community Strategy and the 11 District Sustainable Community Strategies.
- 43 Hampshire Partners are setting up a Hampshire Senate This will bring together and streamline LAA and Hampshire Strategic Partnership (HSP) governance and is intended to improve leadership and accountability. The HSP with partners is currently refreshing its Sustainable Community Strategy – 'Shaping our future together' 2007-2017 to be signed off by June 2008. District Councils are engaged and contributing effectively to this.

## Service inspections

- 44** It was agreed with the Council to undertake the 2007/08 sustainable development inspection in two phases. The first phase of challenge workshops was completed in March 2008 and the second phase of the inspection is due to start in the first half of 2008/09. The workshops enabled the Council to self assess its progress on five key areas of environmental sustainability: vision and prioritisation, setting targets and managing performance, the capacity to deliver crosscutting objectives, outcomes achieved, and value for money. This highlighted some areas for improvement on sustainability including:
- lack of a clearly articulated vision and objectives for sustainability issues in affordable housing and leisure;
  - resources not consistently allocated to corporate plan sustainability priorities; and
  - lack of clear benchmarking information about VFM in priority services.
- 45** The Council recognises that these issues are important to the delivery of its corporate priorities on the environment and affordable housing and is considering how best to take forward the key messages from the workshops.

## The audit of the accounts and use of resources

### The audit of the 2006/07 accounts

- 46 Our Annual Governance Report summarised issues arising from the 2006/07 audit of the accounts. This was presented to the Staff and General Purposes Committee on 25 September 2007 and provided:
- an unqualified opinion on your accounts;
  - a qualified conclusion on your value for money (VFM) arrangements to say that these arrangements were not adequate; and
  - a report on the Best Value Performance Plan confirming that it had been audited and that there were no issues that needed to be brought to your attention.
- 47 Our value for money conclusion was qualified for the following reasons:
- lack of clear objectives and targets for the priorities set out in the new corporate plan;
  - inadequate consultation arrangements, particularly with hard to reach groups;
  - poor performance in responding to complaints; and
  - failure to fully achieve potential improvements identified during service reviews.
- 48 The Council is one of a small number of Councils with qualified value for money conclusions and action is needed in the above areas to ensure that the Council can demonstrate that it is achieving value for money.

### Use of Resources assessment (2007)

- 49 The findings of the auditor are an important component of our assessment framework. The Use of Resources score is derived from the assessments made by the auditor in the following areas.
- Financial reporting (including the preparation of the accounts of the Council and the way these are presented to the public).
  - Financial management (including how the financial management is integrated with strategy to support council priorities).
  - Financial standing (including the strength of the Council's financial position).

- Internal control (including how effectively the Council maintains proper stewardship and control of its finances).
- Value for money (including an assessment of how well the Council balances the costs and quality of its services).

**50** We have assessed the Council's arrangements for use of resources in these five areas as follows.

**Table 1**

<b>Element</b>	<b>Assessment</b>
Financial reporting	2 out of 4
Financial management	1 out of 4
Financial standing	1 out of 4
Internal control	2 out of 4
Value for money	1 out of 4
Overall assessment of the Audit Commission	1 out of 4

*Scoring: 1 = lowest (inadequate performance), 4 = highest (performing strongly)*

- 51** Our overall assessment is similar to that in the previous year and the Council remains in the lowest performance band.
- 52** We recognise that the Council has begun to address many of the issues raised in the use of resources assessment. Progress is being overseen by the senior manager/councillor led Improvement Board. Our 2007 assessment reflects the early stages in the implementation of the Council's actions and considers arrangements that were in place during 2006/07.

### **Financial reporting**

- 53** The Council has demonstrated an improvement in its processes for producing its financial statements and met the statutory deadlines for their approval. The standard of working papers supporting the statements also improved. Whilst this aided the completion of the 2006/07 audit and enabled officers to respond to audit issues raised, the accounts submitted for audit still contained a significant number of errors that needed amendment.
- 54** To improve, the Council needs to:
- fully comply with the Statement of Recommended Practice for accounts;
  - further improve some accounts working papers; and
  - minimise the number of errors in the draft accounts.

## Financial management

- 55 The Council's financial management arrangements were inadequate in 2006/07. In particular there was a need to:
- clearly link the medium-term financial strategy and capital strategy to the corporate plan and to the Council's revised key strategic objectives and priorities; and
  - establish a robust capital strategy with effective planning for asset maintenance.
- 56 The Council has subsequently been addressing these areas. The Medium Term Financial Strategy has now been better aligned to the revised Corporate Plan and the Council has assessed its backlog maintenance and agreed the planned maintenance programme needed.

## Financial standing

- 57 The Council's financial standing arrangements were also inadequate in 2006/07. In particular there was a need to:
- manage revenue spending more effectively against budgets and in accordance with its reserves and balances policy; and
  - deliver capital spending in line with budget plans.
- 58 Again the Council has subsequently achieved some improvement in these areas, in particular by strengthening budget setting and monitoring processes. Recent budget setting has more effectively involved service managers and has helped to deliver a workable budget against a difficult financial position. The implementation of the new financial management system in 2007/08 year should also facilitate improved budgetary control.

## Internal control

- 59 Internal control procedures were adequate in 2006/07. However there was still considerable scope for improvement including:
- reporting to members with responsibility for risk management on a more regular basis and demonstrating that corporate risks are being actively managed;
  - adopting updated Standing Orders; and
  - actively reviewing standards of conduct, undertaking counter fraud and corruption work and meeting national fraud initiative deadlines.

## **Value for money**

- 60** The Council lacked adequate arrangements for achieving value for money in 2006/07. Areas of concern included:
- unclear relationships between costs and the level of performance achieved at service level. This was particularly evident for services such as planning and NNDR and council tax collection;
  - weak arrangements for managing the capital programme;
  - limited awareness of the needs of, and impact of the Council's decisions on, diverse communities in order to improve outcomes and access to services; and
  - inadequate arrangements for reviewing and improving VFM.
- 61** However, the Council did achieve some savings in the year and met its three-year Gershon efficiency target. We also recognise that the Council has started to develop its arrangements for improving value for money as part of its 2008/09 service planning process.

## **Data quality**

- 62** We also reviewed the Council's corporate arrangements for data quality and concluded that they were adequate. However, there were a number of issues arising from our detailed testing of performance indicators. For example, it was not possible to fully reconcile recycling, composting and total waste records with system data.
- 63** We have made recommendations about the need to comply with definitions, ensure accuracy and provide audit trails following our detailed testing.

## Looking ahead - Comprehensive Area Assessment

- 64 The public service inspectorates are currently developing a new performance assessment framework, the Comprehensive Area Assessment (CAA). CAA will provide the first holistic independent assessment of the prospects for local areas and the quality of life for people living there. It will put the experience of citizens, people who use services and local tax payers at the centre of the new local assessment framework, with a particular focus on the needs of those whose circumstances make them vulnerable. It will recognise the importance of effective local partnership working, the enhanced role of Sustainable Communities Strategies and Local Area Agreements and the importance of councils in leading and shaping the communities they serve.
- 65 CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate annual area risk assessment and reporting performance on the new national indicator set, together with a joint inspectorate annual direction of travel assessment and an annual use of resources assessment. The auditors' use of resources judgements will therefore continue, but their scope will be widened to cover issues such as commissioning and the sustainable use of resources.
- 66 The first results of our work on CAA will be published in the autumn of 2009. This will include the performance data from 2008/09, the first year of the new Local Area Agreements.

## Closing remarks

- 67** This letter has been discussed and agreed with the Chief Executive. A copy of the letter will be presented to a joint meeting of the Staff and General Purposes Committee and the Cabinet on 25 March 2008.
- 68** We would like to take this opportunity to express our appreciation for the assistance and co-operation afforded to our inspection and audit teams throughout the year. As this is the last letter that Neil Childs will present to the Council in his capacity as relationship manager he would particularly like to thank members and officers for working with him so constructively over the past three years.

## Availability of this letter

- 69** This letter will be published on the Audit Commission's website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk), and also on the Council's website.

**Neil Childs**  
**Relationship Manager**

**Patrick Jarvis**  
**District Auditor**

March 2008