

ST&CC Annual Audit and Inspection Letter

March 2007



Annual Audit and Inspection Letter

West Berkshire Council

The Audit Commission is an independent body responsible for ensuring that public money is spent economically, efficiently and effectively, to achieve high-quality local services for the public. Our remit covers around 11,000 bodies in England, which between them spend more than £180 billion of public money each year. Our work covers local government, health, housing, community safety and fire and rescue services.

As an independent watchdog, we provide important information on the quality of public services. As a driving force for improvement in those services, we provide practical recommendations and spread best practice. As an independent auditor, we ensure that public services are good value for money and that public money is properly spent.

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.

Reports prepared by appointed auditors are:

- prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission; and
- addressed to members or officers and prepared for the sole use of the audited body; no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0845 056 0566.

© Audit Commission 2007

For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 020 7828 1212 Fax: 020 7976 6187 Textphone (minicom): 020 7630 0421

www.audit-commission.gov.uk

Contents

Our overall summary	4
Action needed by the Council	5
How is the Council performing?	6
The improvement since last year - our direction of travel report	7
Inspections and assessments	10
Financial management and value for money	11
Key issues arising from our audit work	12
Conclusion	14
Availability of this letter	14

Our overall summary

- 1 This letter provides an overall summary of the Audit Commission's assessment of the Council. It draws on audit and inspection work carried out in 2006. It also uses an analysis of the Council's performance and improvement over the last year as measured through the Comprehensive Performance Assessment (CPA) framework.
- 2 The letter is addressed to the Council and in particular it has been written for Councillors. We want the letter to tell the public, who use the Council's services, and other stakeholders about the Council's performance, so it is also made available as a public document.
- 3 The main messages for the Council included in this report are:
 - The Council has performed well in maintaining and improving services.
 - Public satisfaction with the Council's services is mixed. Satisfaction with key services is increasing or remains high, eg for refuse collection, but is falling for others eg for recycling.
 - The Council has generally improved services in line with its plans, except for community safety where overall results have been weak.
 - Costs for collecting waste are high. The level of recycling and composting has been low but is improving. The Council is trying to negotiate a major contract for waste services. This will help to improve recycling and rubbish collected will no longer be dumped in landfill sites.
 - It took longer to process benefit claims in 2005/06 but performance is now recovering.
 - The Council has improved the way people can access its services.
 - Performance management has improved and the arrangements for producing performance information are reliable in most areas.
 - The Council gets value from the money it spends. The cost of services compares favourably with other council's that perform at a similar level.
 - The Council has a good track record of delivering savings and working well with its partners.

Action needed by the Council

4 Members need to focus on the following:

- Look at why waste collection costs are high and increasing, to see if savings can be achieved or to confirm that costs are in line with the quality of service the Council aims to provide.
- Make sure that the level of waste recycling increases through the integrated waste management contract.
- Look at the results from user surveys, consider how they fit in with the improvements the Council has tried to make in services and see what else could be done to reduce people's concerns.
- Identify the reasons for the increase in crime levels and work with other organisations to reduce crime.
- Keep the performance of the benefits service under review and make sure that claims are processed quickly.
- Introduce a data quality strategy and make sure that the arrangements for producing reliable performance information are used throughout the Council.

How is the Council performing?

- 5 Overall the performance of the Council is improving well and for CPA purposes it has moved from being a two star to a three star Council.
- 6 The Council is improving most of its priority services. A range of improvements has been delivered for children and young people, including better educational standards. Social care for adults is good and the number of people supported to live at home has increased. More roads have been repaired and affordable housing delivered. Library use and recycling rates have increased. There have been improved outcomes in health and employment for individuals.
- 7 Access to services has improved for different groups of people, including those with disabilities and people living in rural areas. The Council has been able to demonstrate that the majority of its services provide value for money. However, crime levels have increased in a majority of key crime categories. Waste collected per head is high and recycling rates fall short of government targets.
- 8 There are sound well-informed plans to improve Council services and value for money. Overall, there has been good progress in implementing most plans but there have been inconsistencies in some service areas. The focus on strong partnership working has been enhanced to improve outcomes for local people.
- 9 The detailed assessment for West Berkshire Council is as follows.

Our overall assessment - the CPA scorecard

Table 1 CPA scorecard

Element	Assessment 2006
Direction of travel judgement	3 – improving well
Overall	Three star overall performance
Children and young people	3
Social care (adults)	3
Use of resources	3
Housing	2
Environment	3
Culture	2
Benefits	2
Corporate assessment/capacity to improve (carried out in 2002)	2

(Note: 1=lowest, 4= highest)

The improvement since last year - our direction of travel report

- 10 The Council continues to provide better services for people in West Berkshire.
- 11 The Council has performed well in maintaining and improving outcomes for children and young people. School results are generally above average and are getting better. There have been good outcomes delivered in providing a safe environment for children and young people. For example the different organisations that are responsible for children work well together to make sure that children in private fostering arrangements are kept safe and healthy.
- 12 Adult social care services have continued to improve over the last year. In 2005 inspectors said that good mental health services were provided to most people using the service. The service has a good impact on peoples' lives. For example it has helped more people to remain living at home.
- 13 The Council set out to improve services in a number of areas and has been successful.

For example:

- More roads have been repaired.
- More use is made of libraries.
- Nearly a quarter of waste is recycled, this is the highest level achieved by the Council.
- Fewer people are being injured in road accidents.
- More housing has been provided for people and families on low incomes.
- The Market Place scheme in Newbury is completed.
- Public transport is better.

- 14 There are some areas where performance could be better

For example:

The cost of collecting waste is high and, although getting better, the level of recycling is relatively low. The Council is currently working on a new contract arrangement for waste services. Its aim is to have one contractor that provides a range of waste management services for the Council. This should improve waste services, increase recycling and reduce the cost of collection from each household.

The Council is responsible for running the Government's housing and council tax benefits service in West Berkshire. In its annual independent review of the benefits service, the Benefit Fraud Inspectorate assessed that the Council's performance fell from good to fair. The inspectors found that claimants were not getting their benefits quickly enough and changes in their circumstances were not being processed promptly. During 2005/06 the Council had to stop processing new claims and changes in circumstances for five weeks to install new software for the computer system used to process claims.

However the Council's performance information indicates that the handling of benefits is now recovering following the drop in performance highlighted by the inspectors.

- 15 Some of the residents of West Berkshire were asked what they thought about some of the services the Council provided in 2006. There was a similar survey in 2003. Over the three years, satisfaction with the services surveyed shows mixed results. Residents think the Council does a good job overall. They remain very satisfied with the refuse collection service but are less satisfied with waste recycling. They remain pleased with the way the Council keeps public land clear of litter and rubbish. Although happier about bus and transport services, residents also showed a big increase in concern about congestion and the need to improve public transport. Residents have less confidence in the way the Council deals with their complaints.
- 16 Building on its previous successes, the Council works well with a range of other organisations to improve services and the quality of life for people in West Berkshire. The Council has been awarded Beacon Status for its parish planning process, and so far 24 parish plans have been adopted. The *vibrant village initiative* is helping villages to keep local services like a post office or library.
- 17 Community safety is a Council priority where overall results have been weak. Crime levels are increasing in a number of areas eg for car crime and burglaries which are already high.
- 18 The Council has a local area agreement. This is an agreement between the Government and bodies that provide public services in the West Berkshire. It sets the priorities over the three years from April 2006 to tackle problems that have the greatest impact on the quality of life of local residents. A key priority is reducing crime.
- 19 Access to services has improved.

For example:

- It is now easier for people with poor eyesight or who have difficulty with reading to use the Council's web site. And information can be provided in different languages.
- It has been made easier for people who are disabled to get around Newbury town centre or to use pedestrian crossings in the district.
- Travellers and their families are visited by Council staff so that they can talk about their issues and find out about the services available.

- 20 More people are satisfied with the way the customer contact centre works and the range of services now provided.
- 21 The Council makes good use of the money it spends and it had a low council tax increase in 2006/07. For most services, costs compare favourably with other councils that provide a similar level of performance. Where costs are high this generally reflects a decision by the Council to spend more to improve performance.

- 22 The Council has generally achieved its plans for improving services. In most cases where it has tackled weak areas, performance has been improved. The Council is now talking to people about its next corporate plan. It wants to be sure that it understands what people in West Berkshire need. It can then make sure that its plans and strategies meet those needs.
- 23 The Council is well placed to improve the level of services it provides to the people of West Berkshire.
- 24 Independent inspections and assessments conclude that services for children and young people and for adults are very likely to improve. The Government's review assessed that the future programme for transport services, if implemented, should improve travel around the district.
- 25 The Council works well with other organisations that provide services in West Berkshire in the Local Strategic Partnership. Their aim through the Partnership is to make West Berkshire a better place to live in and to work in. The Partnership has signed up to a local area agreement.
- 26 The Council has a good track record for finding ways to provide services more efficiently; for reducing the cost of the goods and services it buys and for getting extra money from the Government or other organisations. All of this provides more money to spend on services.
- 27 The Council has spent money developing and training managers and members, particularly on leadership training. It is working hard to develop a 'can do culture' in which obstacles to improving services are tackled in a positive way. However, the Council would benefit from more consistent evaluation of its initiatives and celebration of its successes.
- 28 The way the Council runs its business has been improved:

For example:

- The way the Local Strategic Partnership is run has been changed so that it can work better on the priorities set out in the local area agreement.
- The Partnership has also improved the way it manages its own performance against the targets it has set.
- The Council has also changed the way it works so that its activities fit better with the Partnership priorities.
- There is now an Overview and Scrutiny Commission which looks at the way the Council works and how it delivers services.

- 29 Performance management is used throughout the Council to help it to manage its services and to secure improvement. Performance management involves using measures or indicators of performance to understand the level of service being achieved and then setting a target for the level of improvement desired. Actions needed to achieve the improvement can then be identified and taken. Progress in achieving the improvement can be measured using relevant performance indicators. All of this depends on the Council's ability to calculate accurate and reliable performance indicators.

- 30 The Council has improved its approach to performance management and it has good arrangements that produce reliable performance information. However, the Council does not have an overall strategy that covers data quality and there are issues of consistency of data in some areas.

Inspections and assessments

- 31 Relationship Managers work with and share information with a range of inspectorates and regulators. Our overall assessment of performance draws on a range of inspection work carried out by the Audit Commission or by other inspection bodies. The table below lists the main inspections and assessments taken into account and reflected in the report on the Council's direction of travel above.

Table 2 Inspections and assessments

The Audit Commission uses inspections and assessments undertaken by a range of independent regulators

What the inspection / assessment covered	Which inspectorate carried out the review	Link to detailed inspection or assessment report
Record of performance management for adult social care 2005-06	CSCI	www.csci.org.uk
Comprehensive Performance Assessment - administering the local benefits service	Benefit Fraud Inspectorate	www.bfi.gov.uk
Local transport capital settlement 2007/08 - programmes for improving local transport	Government Office for the South East	www.dft.gov.uk

Financial management and value for money

- 32 Earlier this year we reported to the Governance and Audit Committee on the results of our audit work for 2005/06:
- The Council’s accounts reported fairly on its finances and financial position. This enabled us to issue an unqualified audit opinion on the accounts.
 - We looked at how the Council manages the resources at its disposal particularly how performance is managed and finances are controlled. We found adequate arrangements in all areas. Our opinion on the Council’s arrangements (our value for money conclusion) was therefore unqualified.
 - We have no matters to report from our Best Value Performance Plan review.
- 33 As noted in the introduction the overall assessment of the Council’s performance draws on our audit work. We build on the work carried out, focusing on five key themes, to assess the arrangements in place to manage your resources.
- 34 Each theme is assessed and scored to lead to the overall score.

Table 3 Use of resources

The five themes we looked at	Scored assessment	
	2006	2005
Financial reporting including how the accounts are prepared and then presented to the public	2	2
Financial management including how budgets are set and spending is controlled and how the money is used to deliver plans and priorities	3	3
Financial standing whether the Council has the money to carry out its plans and to pay for its liabilities	3	3
Internal control the checks and balances that ensure business is conducted properly	3	2
Value for money whether the Council is spending taxpayers resources well, improving services at less cost	3	2
Audit Commission’s overall use of resources assessment	3	2

(Note: 1=lowest, 4=highest)

Key issues arising from our audit work

- 35 The Council has improved the way it runs its business and the way it manages its resources. This shows in the improved use of resources scores shown above. In the following table we set out areas where more improvement can be made in the coming year.

Table 4 Summary of improvement opportunities

Criteria	Area for improvement
Financial reporting	
The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	<p>Improve the quality and completeness of the working papers that are used to produce the Council's financial statements.</p> <p>Ensure the draft financial statements are reviewed carefully by a finance manager before they are approved by the Council and before they are passed to the auditors.</p>
The Council promotes external accountability.	<p>Publish an annual report or similar document, which includes summary financial information. This should include a clear explanation of the key financial information. It should be understandable and informative to members of the public and available in a wide variety of formats in order to meet local user needs.</p>
Financial management	
The Council's medium-term financial strategy (MTFS), budgets and capital programme are soundly based and designed to deliver its strategic priorities.	<p>Demonstrate how the Council's financial plans and strategies have contributed to the achievement of its corporate objectives.</p>
The Council manages performance against budgets.	<p>Ensure that the Executive is looking at the progress on planned savings and efficiency targets.</p>
The Council manages its asset base.	<p>When the Council is considering major schemes or proposes to sell property it owns it should consider a range of options. It should consider the immediate costs and benefits and also the year on year effect of its different proposals. Its decisions should be based on a thorough option appraisal and whole-life costing.</p>

Financial standing	
The Council manages its spending within the available resources.	Set and monitor challenging targets to improve how finances are managed. Set, for example, targets to increase the level of council tax and business rates collected.
Internal control	
The Council has arrangements in place to maintain a sound system of internal control.	Ensure the procedure notes for systems are reviewed and up-dated on a regular basis.
The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	Demonstrate that counter fraud and corruption work, particularly housing benefit investigations, is adequately resourced. Demonstrate a strong counter fraud culture across all departments.
Value for money	
The Council currently achieves good value for money.	Make sure that after major schemes have been completed that there is a process for looking at how well a scheme was managed and delivered, and the effect it then has on services.
The Council manages and improves value for money.	The Council has a good understanding of the cost of most of the services it provides. However there are some gaps in this information which need to be filled. The Council needs to have clear information on costs and performance so that it knows where to focus its improvement priorities. Across the Council different ideas are tried that improve the way it runs its business. This good practice should be shared across the Council so that it can be used to make improvements elsewhere. The Council has a range of performance indicators and targets that are used to look at the way services perform. Better use could be made of the information produced if there was a clearer link between cost and performance information. Ensure that equity of service is consistently applied in all investment decisions. Implement a systematic corporate review of the impact of investment and procurement decisions.

Conclusion

- 36 This letter has been discussed and agreed with the Chief Executive. A copy of the letter will be presented at the Governance and Audit Committee on 21 March 2007.
- 37 The Council has taken a positive and constructive approach to our audit and inspection I would like to take this opportunity to express my appreciation for the council's assistance and co-operation.

Availability of this letter

- 38 This letter will be published on the Audit Commission's website at www.audit-commission.gov.uk, and also on the Council's website.

Mick West
District Auditor