

**EXECUTIVE
THURSDAY, 5TH APRIL, 2007 AT 2.30 PM
GUILDHALL, ABINGDON**

SUPPLEMENTARY PAPER

Open to the Public including the Press

11. Annual Audit and Inspection Letter

To receive and consider the Annual Audit and Inspection Letter. The District Auditor will attend the meeting to present his report.

Annual Audit and Inspection Letter

Vale of White Horse District 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.

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Our overall summary

- 1 This report provides an overall summary of the Audit Commission's assessment of the Council. It draws on the findings and conclusions from the audit of the Council and from any inspections that have been undertaken in the last year. The letter includes our review of how well the Council has progressed (our Direction of Travel report) and the auditor's assessment of how well the Council has managed its finances (the Use of Resources scores). These latter components will be an important feed into any future decision regarding the potential for a rescoring of the Council's Comprehensive Performance Assessment (CPA) category.
- 2 The report is addressed to the Council, in particular it has been written for councillors, but is available as a public document for stakeholders, including members of the community served by the Council.

The main messages for the Council

- 3 It has been a year of consolidation and improvement for the Council.
- 4 Overall performance remains above average and has improved, though at a slower rate than that of councils generally. The Council is making improvements to key services and sustaining improvements made previously but more needs to be done to raise standards in poorer performing Best Value Performance Indicators.
- 5 The new organisational structure is beginning to bed in and have impact, providing greater capacity for improvement and organisational development. Communication from senior management is being well received and there is a feeling that staff are now ready to pick up the pace of change.
- 6 The Council is developing a series of organisational and service based improvement plans to achieve its objectives. To date the achievement of some key improvement priorities has fallen behind that planned, including those around communication and equalities. However capacity has now been increased and the Council is well aware of the need to keep these plans on track.
- 7 The Council's financial governance arrangements have been judged, as last year, to be 'at minimum standards'. Nevertheless, there has been improvement in a number of areas, not least value for money, where the Council has considerably strengthened its approach during the year.
- 8 The Council has outlined a broad agenda for itself. Focus now needs to be turned to delivery and ensuring that the changes will have the required impact on the quality and value for money of services delivered to residents.

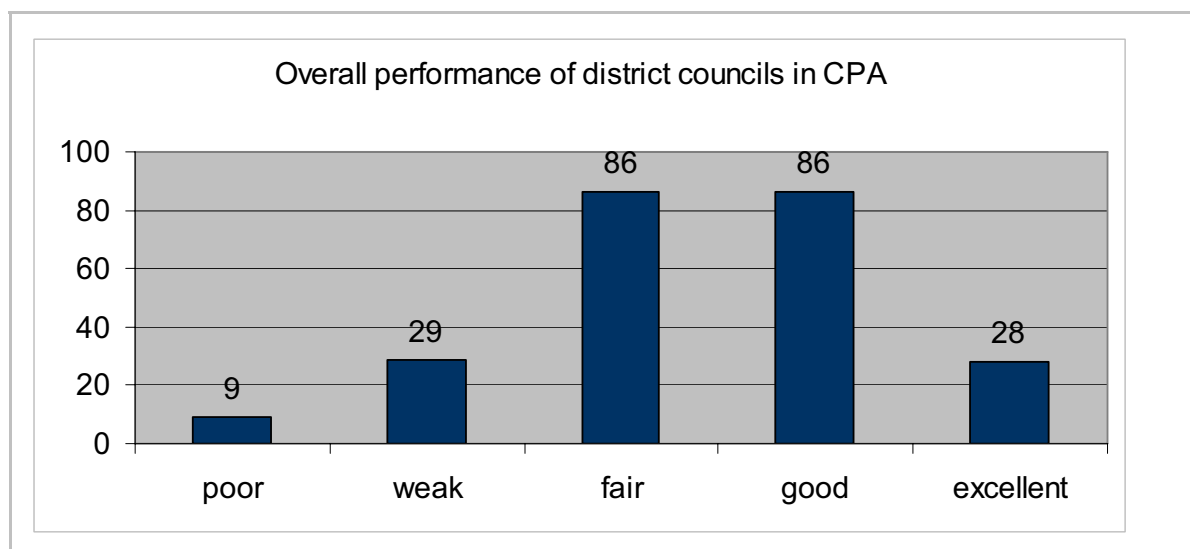
Action needed by the Council

- 9 The Council has worked hard to outline a robust framework for further development and improvement. It is communicating that agenda to staff to articulate a vision of where the council is going following the restructure. It now needs to ensure that its plans are translated into clear service actions and tangible outcomes and that these are delivered with the required impact on the value for money of services to residents.

How is Vale of White Horse District Council performing?

- 10 Vale of White Horse District Council was assessed as Fair in the Comprehensive Performance Assessment carried out in 2004. These assessments have been completed in all district councils and we are now starting to update these assessments, through an updated corporate assessment, in councils where there is evidence of change. The following chart is the position across all district councils.

Figure 1 Overall performance of district councils in CPA



Source: Audit Commission

The improvement since last year - our Direction of Travel report

What evidence is there of the Council improving outcomes?

Overview

- 11 More than half of key performance indicators are above average with a large proportion of these performing in the top 25 per cent of councils. However, the rate of improvement is below that of council's generally, in part reflecting the difficulty of improving indicators that are already performing strongly. The Council is generally making improvements to key services, and sustaining improvements made previously, but performance is mixed - services such as housing benefits and waste management are generally sustaining strong performance, some are improving but from a low base, such as planning, but corporate indicators around equalities and access have deteriorated or remain below average.
- 12 More detailed analysis of the Council's performance in delivering its priorities is set out below under the relevant corporate objective or within our assessment of contributions to wider community outcomes.

Creating a cleaner, greener, safer and healthier community and environment.

- 13 Overall, the Council's performance in delivering this broad agenda has improved over the year, although performance in dealing with some aspects of it has been mixed.
- 14 Performance in planning improved over the year. The number of planning appeal decisions overturned fell in 2005/06 and performance is now in the top 25 per cent of councils. The Council also exceeded its target for developing homes on green field sites. Speed in processing planning applications also improved over 2005/06, although from a low base. Recent un-audited 2006/07 data shows improvement has been sustained and that the Council is now exceeding development control targets in all three categories.
- 15 The Council's performance in managing waste remains strong, particularly in recycling and minimising the amount of waste collected. However, it did not achieve its Defra combined recycling target as the recorded amount of waste composted was low. The Council has since introduced a green collection scheme and more recent data shows that recorded composting rates have improved significantly.
- 16 Waste management partnership working has improved since our inspection of the waste partnership earlier this year, although work in key areas remains to be completed and embedded. The partnership has improved its cooperation and focus, agreed a new high level strategy and improved its governance and management arrangements.

- 17 The Council's performance in improving standards of cleanliness and street scene is mixed. Levels of litter and detritus have fallen and the performance in dealing with fly posting and graffiti is in the top 25 per cent of councils. The Council has worked to reduce the amount of fly tipping. However, performance in speed of removal of fly tipping and removing abandoned vehicles are areas of poor comparative performance.
- 18 The Council's progress in delivering actions towards its 'healthier' agenda has been mixed. The Council has clarified its healthier agenda. It has also delivered some positive outcomes for the community, such as a new children's playground in Wantage and the major restoration of Abbey Gardens. However delivery of some priority actions, such as to provide a skate park, and improve other local recreational facilities has been hampered by external issues and progress is currently behind schedule.
- 19 We discuss progress on the 'safer' agenda under contributions to wider community outcomes.

Working with partners to help facilitate the provision of affordable housing

- 20 The Council is working well to increase the supply of affordable housing in the district. During 2006 the Council's affordable housing service was assessed by the Audit Commission as a good 'two star' service. We recognised that the Council was making effective use of the current housing stock, optimising the use of brown field land and had enabled a significant amount of affordable housing with an appropriate mix of tenures, sizes and locations. The Council increased the number of affordable homes by 131 during 2005/06 – which means that it was amongst the best performing councils. Although it did not meet its target for 2005/06, the Council expects to exceed its two year cumulative target to achieve 160 units by the end of the financial year. It is also making efficient use of the existing supply of affordable housing. Despite low numbers of empty homes, the Council had returned 49 properties back to use at December 2006, compared to five during 2005/06.
- 21 The Council's performance in managing and preventing homelessness is improving. The Affordable Housing inspection acknowledged the success of the choice based lettings system in reducing the incidence of homelessness. Families spent less time in bed and breakfast and temporary accommodation during 2005/06 and more recent data shows improvement in homeless prevention and reductions in repeat homelessness. The Council's plan to reduce the use of temporary accommodation in the district by 2010 has been well received by GOSE who are considering it as a potential case for good practice.

Wider community outcomes and access to services

- 22** The Council is demonstrating strong local leadership and contributing to wider community outcomes both at the sub-regional and local levels. It is actively involved in the county wide Community Partnership and is committed to delivery of the Oxfordshire LAA targets which are reflected in the Council's priorities. On a more local basis, it works well with the Vale Strategic Partnership and voluntary and community groups to support locally based initiatives. For example, it has worked with the voluntary sector to improve funding advice and supported a number of initiatives to enable groups to access funding and information and better promote their services across the community. The Council also works well with its communities to promote parish planning and market town initiatives, for example, through top up funding, promotional advice and support.
- 23** It has shown willingness to lead and engage its community in wider local issues. For example, it has adopted a strong leadership role in negotiating proposals for a reservoir in the district and has adopted a partnership approach to working with the local business community and key stakeholders to secure greater economic and social benefits for the district.
- 24** The Council, in partnership with its Crime Reduction Partnership, is working to reduce levels of crime in the district. Comparative crime levels in four out of the six British Crime Survey (BCS) categories were below average in 2005/06. Although remaining comparatively low, incidents of crimes in four of these categories increased during 2005/06, particularly in respect of violence against the person and sexual offences. However, more recent data for 2006/07 shows levels are now falling and the Council's performance towards achieving the LAA stretched targets for crime reduction is strong compared to all other Oxfordshire councils.
- 25** The Councils corporate priority agendas of 'improving and modernising access to services' and 'improving communications' include a number of actions aimed at improving customer focus and consultation, extending access to services and promoting diversity. Overall progress in delivering improvements in these important areas has been slow, and a number of important actions are behind schedule or have not been addressed.
- 26** Progress in promoting diversity and equalities has been poor. For example, the Council has not completed Equality Impact Assessments for key services, achieved the deadline for producing a Disability Equalities Strategy nor completed its planned review of the Corporate Equalities Plan. Furthermore, the Council's performance in meeting the Equalities Standard for local government deteriorated in 2005/06.
- 27** The implementation of the Council's Customer Contact Strategy was put on hold over the first half of the financial year while the Council considered options for outsourcing customer contact services. Having now agreed an in house solution, roll out of the strategy has been resumed and the Council is progressing business process re-engineering in key services and work to develop a payments strategy to improve customer choice around methods for making payments. It is too early to assess the impact of this work.

10 Annual Audit and Inspection Letter | How is Vale of White Horse District Council performing?

- 28 The Council has done some work to improve customer focus, for example it has improved accessibility and usability of its website. However, other important actions such as developing and publishing service standards and mechanisms to consult with hard to reach groups have slipped.
- 29 The Council's restructure has created the capacity to progress these agendas and the draft Organisational Development Strategy provides a framework to take them forward. However, the Council needs to urgently make up lost ground and accelerate the pace of change in delivering these agendas if it is to ensure that it is delivering quality, accessible services for all of its community.

Value for money

- 30 The Council's VFM profile is largely unchanged from last year. The Council's levels of expenditure for key services are broadly comparable with its nearest neighbour comparator group and commensurate with performance. There remain some areas where comparative performance fell behind councils providing services at similar costs such as planning and homelessness and housing advice.
- 31 The Council has considerably strengthened its approach to managing and improving value for money over the year. It has developed a more integrated approach to identifying the scope for improved VfM and strengthened its management capacity to ensure better value from current contracts and future procurement exercises. It has also entered into an innovative shared service agreement with South Oxfordshire District Council. The challenge now is to ensure that these developments have the required impact on costs and services to residents.

How much progress is being made to implement improvement plans to sustain future improvement?

Robustness of the Council's plans for improvement, effectiveness of improvement planning and capacity to deliver improvements

- 32 Last year we reported that some of the Council's plans lacked clarity and the need for a set of tangible outcomes and targets to underpin its corporate priorities so that progress could be measured.
- 33 The Council has made progress in this area. It has worked to clarify its objectives, particularly around the 'cleaner, greener, safer, stronger' agenda. Individual action plans are currently being developed for each of these themes, which should support a more robust framework for delivering improvement. Also, the Council's draft Organisational Development programme outlines a set of clear practical actions aimed at implementing improvement across the organisation. This work has been supplemented by a more rigorous process to ensure that service improvement plans achieve a consistent standard across the organisation, link in with other key plans and strategies and contain SMART targets for improvement. These plans are currently in development in line with the Council's service and business planning timetable, so we have not yet been able to assess the full impact of the Council's work in this area on the quality of its key improvement plans.

- 34 The Council is progressing its current plans for improvement, although some key objectives and milestones are behind target. Following its CPA in summer 2004, the Council developed an Action Plan for improvement, setting out a number of high level actions for completion by April 2007. Outstanding actions have recently been incorporated within the Council's Corporate Priorities Action Plan. Recent progress monitoring shows that a number of priority actions mainly around the 'access to services', 'building capacity' and 'improving communications' programs are behind schedule, or are now being implemented to a revised timescale. The Council is fully aware of the need for sustained effort to expedite progress in these areas and has recently strengthened capacity to help ensure this.
- 35 Last year we reported that the Council had not yet achieved the capacity needed to achieve its intended improvements and that it needed to focus on recovering lost capacity as well as building sustainable capacity for the future.
- 36 During the year the Council has worked to improve its managerial capacity, although the pace of change has been slow. It has completed its organisational restructure, creating a new Organisational Development and support team with a specific focus on organisational challenge and change. This includes redeployed posts to help progress the Council's communications and equalities agendas that have long been hampered by insufficient resources, as well as external capacity through SOLACE Enterprises to support its development programme. The creation of the new OD team is strengthening capacity at the corporate core and helping to ensure a more integrated approach to improvement and a stronger project management discipline to ensure improvement programmes are delivered. The new team has developed a draft Organisational Development Programme, which provides a solid framework for progressing the Council's improvement agenda. However, it is too soon to assess the impact of this work.
- 37 Overall capacity is being strengthened through improved councillor engagement, although there remains scope for improvement. Councillors have been actively involved in clarifying the 'cleaner, greener, safer, healthier' agenda, and portfolio holders are playing a stronger role in performance management through monthly meeting with their respective service heads. The recent budget process has shown that councillors are willing to take some difficult decisions.
- 38 The Council's revenue capacity continues to be a risk to achieving improvement. Its revenue position remains under considerable pressure with a further raft of required savings identified for 2007/08. The council is developing a strong record in dealing with these pressures. For the first time the Council has integrated its Strategic Service Review and budget setting processes, and this has provided a more effective mechanism for shifting resources towards those services that best support delivery of its corporate objectives. It is essential that the Council maintains the tight control that it has developed.

Service inspections

Inspection of the Oxfordshire Waste Partnership

- 39 At the end of August 2006 the Audit Commission published its inspection report of the Oxfordshire Waste Partnership (OWP). We assessed the OWP as providing a 'fair' service with 'uncertain' prospects for improvement.
- 40 The OWP was assessed as providing a 'fair service' because while individually councils in Oxfordshire had delivered some good service outcomes such as high recycling rates, the OWP had made little contribution to overall outcomes. The OWP had little influence over the performance of its constituent councils, which was variable across councils and no significant improvements in value for money were being delivered through partnership working.
- 41 Prospects for improvement were assessed as 'uncertain' because the OWP had not yet agreed plans and a coordinated approach to recycling, composting and waste treatment to reduce waste going to landfill. However, prior to publication of the inspection report there was an increased focus and momentum at addressing this through strategy development work that was underway.
- 42 Publication of the inspection report concluded a significant piece of work agreed between the Audit Commission and Oxfordshire councils. The focus of the work was to inspect combined waste management services in the County to assess the effectiveness of the OWP. A key objective of the inspection was to help the partnership and its constituent councils to address the strategic issues they face and to enable a better focus on partnership working.
- 43 The inspection was initiated in 2004/05 and was carried out in three phases. Phase 1 and 2 provided challenge and support by identifying key issues that helped or hindered the effectiveness of the partnership and made recommendations to help the OWP and its partner councils improve services. Phase 3, the final part of the inspection resulted in a scored published inspection report.
- 44 Progress since the inspection is reported in the direction of travel section of this letter.

Affordable Housing inspection

- 45 The Audit Commission published its inspection report of Affordable Housing services in May 2006. It reported that the strategic housing services provided by the Council are good, but prospects for improvement are uncertain. The Council was assessed as providing good services because it has delivered a high number and good mix of new affordable homes locally, tackled homelessness effectively and provides easy to access services. However, weaknesses were found in terms of the approach to improving value for money and not being sufficiently responsive to the needs of the most excluded groups.
- 46 The Council is progressing implementation of the recommendations arising from the inspection, most of which are on track.

Financial management and value for money

- 47 As your appointed auditor I have reported separately to the Accounts Committee on the issues arising from our 2005/06 audit and have provided:
- an unqualified opinion on your accounts;
 - a conclusion on your vfm arrangements to say that these arrangements are adequate; and
 - a report on the Best Value Performance Plan confirming that the Plan has been audited.
- 48 The findings of the auditor are an important component of the CPA framework described above. In particular 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).
- 49 For the purposes of the CPA we have assessed the Council's arrangements for use of resources in these five areas as follows (last year's score in brackets).

Table 1

Element	Assessment
Financial reporting	2 out of 4 (2)
Financial management	3 out of 4 (2)
Financial standing	2 out of 4 (2)
Internal control	2 out of 4 (2)
Value for money	2 out of 4 (2)
Overall assessment of the Audit Commission	2 out of 4 (2)

- 50 As the above is based on an averaging of performance across a range of issues, there is a danger that considering the high level scores alone under-states the level of improvement over the year. The Council implemented some key improvements:
- low level of issues arising from a well managed final accounts process;
 - clearer demonstration of the movement of finances in line with corporate priorities;
 - strengthened member involvement in monitoring of service finances and delivery;
 - more robust approach to obtaining assurance on the operation of internal controls; and
 - improved approach to driving value for money of services.
- 51 The audit also highlighted a number of areas where more needs to be done to move the overall position forward:
- enhancing communication and understanding between audit and members and ensuring that this letter is adequately communicated;
 - providing greater clarity on the management of low balances and reserves; and
 - further promoting an anti fraud and corruption culture with high standards of ethical behaviour.
- 52 We are pleased to note that plans are already in place to address the above issues.
- 53 In addition there will be a number of new standards to be met as part of the coming 2007 Use of Resources work. The Council needs to ensure that it is ready to demonstrate compliance with these requirements to ensure that scores do not fall backwards.
- 54 It is important that the Council now focuses on the delivery of its ongoing initiatives and is clear about the overall impact that they will have on improving the value for money that the Council delivers to residents.

Conclusion

- 55 This letter has been discussed and agreed with the Senior Management Team. A copy of the letter will be presented at the Executive on 5 April 2007.
- 56 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

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

A.P.Burns

Relationship Manager