

Annual Audit and Inspection Letter

Vale of White Horse District Council

Audit 2007/08

Date March 2008



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Status of our reports

- The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:
- any director/member or officer in their individual capacity; or
 - any third party.
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Key messages

- 1 The Council is continuing to improve services in some of its priority areas:
 - it is facilitating delivery of more affordable housing, reducing homelessness and reliance on temporary accommodation;
 - it is reducing the amount of waste going to landfill;
 - it is providing a cleaner environment, reducing litter, graffiti and flyposting; and
 - together with its partners, it is reducing crime and disorder.
 - 2 The Council has also developed a new corporate framework through which to deliver its vision and priorities into the future through the publication of its new Sustainable Community Strategy - 'Your Vale, Your Future' and a new Corporate Plan for 2009 - 2012. It has also continued its good progress with equalities and diversity.
 - 3 However, there are some areas where the Council needs to address weak performance:
 - the Council's Financial Services Contract is not yet delivering the top performance expected. Performance in dealing with housing benefits, council tax and invoices is generally poor and significantly behind the performance of the best councils; and
 - the Council's programme of Business Process Improvement had stalled and the planned efficiencies that the programme intended to deliver have not yet materialised.
 - 4 Following from introduction of a new main accounting system, including debtor and creditor modules, additional work was required to give an unqualified opinion. The quality of working papers produced to support the financial statements ensured this was kept to a minimum.
- Action needed by the Council
- Ensure rigorous performance management of the Council's Financial Services contract to ensure that it delivers best performance across all key indicators as intended.
 - Continue the revision of the Council's approach to efficiency reviews to ensure that services achieve the Council's targets for cashable efficiencies and service improvements.

Purpose, responsibilities and scope

- 5 This report provides an overall summary of the Audit Commission's assessment of the Council. It draws on the most recent Comprehensive Performance Assessment (CPA), the findings and conclusions from the audit of the Council for 2007/08 and from any inspections undertaken since the last Annual Audit and Inspection Letter.
- 6 We have addressed this letter to members 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 made recommendations to assist the Council in meeting its responsibilities.
- 7 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. (In addition the Council is planning to publish it on its website).
- 8 Your appointed auditor, Maria Grindley, is responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, she reviews and reports on:
- the Council's accounts;
 - whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion); and
 - whether the Council's best value performance plan has been prepared and published in line with legislation and statutory guidance.
- 9 This letter includes the latest assessment on the Council's performance under the Corporate Performance Assessment (CPA) framework, including our Direction of Travel report) there have been no inspections carried out by the Audit Commission under section 10 of the Local Government Act 1999). It summarises the key issues arising from the CPA. Inspection reports are issued in accordance with the Audit Commission's duty under section 13 of the 1999 Act.
- 10 We have listed the reports issued to the Council relating to 2007/08 audit and inspection work at the end of this letter.

How is Vale of White Horse Council performing?

¹¹ Vale of White Horse District Council was assessed as Fair in the Comprehensive Performance Assessment carried out in 2004. These assessments were completed in all district councils and we have now updated these assessments in councils where there is evidence of change and the council has requested it. Vale of White Horse Council has not requested re-categorisation. The following chart is the latest position across all district councils.

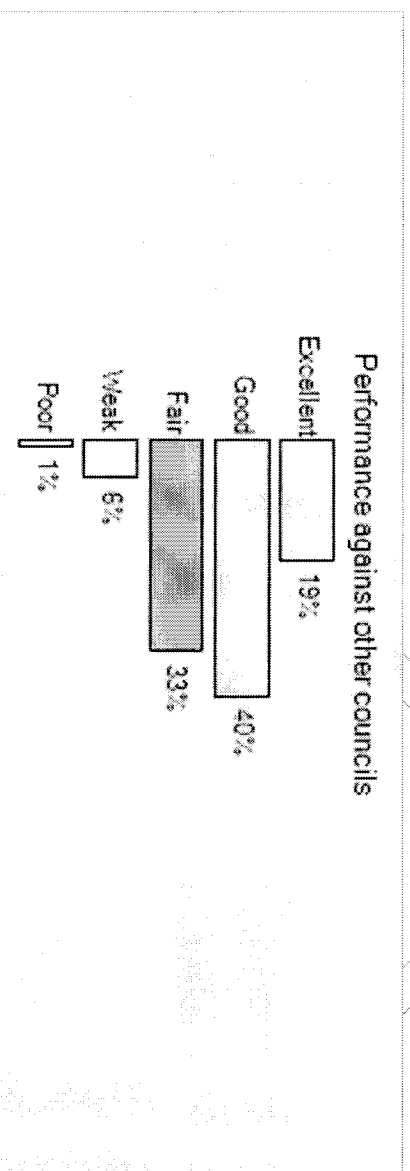


Figure 1 Overall performance of district councils in CPA

Source: Audit Commission

The improvement since last year - our Direction of Travel report

- ¹² Based on the Audit Commission's basket of key indicators, the Council's performance over 2007/08 has improved relative to other councils. It improved 61 percent of indicators which is above the average range of between 56.9 and 59.1 percent. However, the Council has not kept pace with improvement in some important services, such as housing benefits processing and the number of indicators that are performing at levels of the best councils has fallen from 37 percent in 2006/07 to 28 percent, which is below the average for all district councils of 33 percent. The Council's poor performance in corporate indicators relating to local tax collection, housing benefits processing and payment of invoices (which are managed under contract by Capita) remains an area of concern, particularly given the current economic climate, where good performance in the latter is essential to ensure that local business and people receive prompt and accurate payments to avoid potential hardship.
- ¹³ We have set out progress against the Council's 2007/08 outward facing priorities in more detail below.

Housing – Facilitating the provision of affordable housing

14 The Council is continuing to increase the supply of affordable housing in the district. It enabled delivery of 160 affordable homes in 2007/08, exceeding its target of 100. It also returned more vacant homes back to occupation than in 2006/07 and is currently exceeding its 2008/09 target. However based on data up to December 2008, the economic downturn is now beginning to impact on the number of affordable homes completed and the Council estimates that it will fall short of its 2008/09 target to deliver 100 affordable homes by approximately 13 units.

15 The Council is preventing homelessness and reducing reliance on temporary accommodation. There were fewer households in temporary accommodation in 2007/08, falling from 128 to 85. Data up to December 2008 shows that numbers are continuing to fall and for the first time the Council is outperforming its LAA 2 stretch reduction target in this area. Households also spent less time in hostel accommodation, although this remained high compared to other councils.

16 The Council's performance in dealing with housing benefits is poor and remains an area of concern. Despite some improvement, performance in processing new housing benefit applications and the accuracy of processing was in the worst 25 percent of councils. Between 2004 and 2006, the Council's performance was amongst the best nationally in both of these measures, illustrating how far performance has slipped. Furthermore, although the Council's performance in dealing with changes of circumstances remained above average in 2007/08, it took longer to process applications than in 2006/07. The terms of the contract with its financial service contractor require best performance across all key Housing Benefit indicators which is clearly not being achieved despite robust monitoring by the Council. The challenge for the Council is to ensure that improvements are realised in this area.

17 The Council's performance was also poor across other transactional services such as paying invoices where the percentage paid within 30 days fell significantly from above average numbers to levels of the worst performing councils. The Council changed main accounting system in April 2008, including the payments system, which was a direct cause of this fall. The extent of improvement across these indicators now the system is fully functional is not yet clear, but given the current economic climate, it is important that the Council ensures that its contract improves efficiency in these areas so prompt and accurate payments are made to households and businesses to minimise hardship.

Environment – Creating a cleaner, greener, safer and healthier community and environment

18 The Council's overall performance towards achieving this wide agenda is good. It is reducing the amount of waste sent to landfill. Recycling rates improved from 29.10 in 2006/07 to 32.66 in 2007/08 and the amount of waste collected per head of the population fell further and remained among the lowest levels nationally. The Council also extended roadside collections of recyclables to more households during 2007/08. Data up to December 2008 shows that the Council is on track to achieve its LAA2 recycling target and will exceed its target for reductions in waste going to landfill.

How is Vale of White Horse Council performing?

- 19 The Council has now procured a joint waste contract with the South Oxfordshire Council (operational from October 2010) that as well as reducing the cost of the service, promises to deliver an enhanced service and greater efficiencies in the future.
- 20 The Council is improving the cleanliness of the district. It has significantly reduced the amount of littering which has fallen from above average to the lowest nationally. Levels of graffiti and flyposting are also amongst the lowest nationally. Recent data shows improvement is being sustained.
- 21 The Council's planning service is also continuing its trend of improvement. Performance in deciding 'other' and 'minor' applications improved; the performance of the latter improving from the worst nationally to above average. The Council was slower in deciding major applications during the year, but performance was still above average. Performance in dealing with planning appeals remained amongst the best nationally.
- 22 We have commented on the Council's actions to address the 'safer' and 'healthier' agenda under contributions to wider community outcomes below.

Wider Community Outcomes and Access to Services

- 23 The Council and its partners are making good progress on health related issues. This includes the development of an Oxfordshire wide strategic approach to health inequalities developed as part of the remit of the County Health and Well Being Partnership. The partnership has contributed to a number of improved health outcomes including a reduction in teenage pregnancies and a decrease in deaths related to smoking, cancer, heart disease and stroke, all of which are below the national average.
- 24 In last year's Annual Audit & Inspection Letter we recognised the work that the Council had begun in partnership with Oxfordshire Primary Care Trust to clarify its potential contribution to the health agenda in developing a draft Health Improvement Programme for the Vale. The Council has built on this foundation over the year and progressed work to finalise the Plan, including mainstreaming health proposals into service plans and establishing baselines and targets from which to measure outcomes in the future. As a result, it is too soon to assess the Council's contributions in this area.
- 25 The Council and its partners are reducing crime in the district. Overall crime reduced by 17.1 percent in 2007/08 from the Council's 2003/04 baseline position, exceeding the government target of 15 percent. British Crime Survey (BCS) comparator crime reduced in all crime categories, including burglary, robberies, vehicle crime, violence against the person and sexual offences. However, the Council is not achieving all of its crime reduction targets, for example, in respect of reductions in violent crime and robberies. Furthermore, fear of crime amongst residents of the district increased to above the regional and national average across all BCS categories and fewer people feel safe after dark or during the day than they did in 2006/07. The Council and its partners are developing and implementing initiatives to target and reduce violent crime within the district such as the Vale Nightsafe Scheme and Oxfordshire domestic violence strategy, and this aspect of crime and managing perceptions of crime remain a challenge for the CDRP.

26 The Council is improving its commitment and focus to address climate change issues in the Vale and has developed a new framework through which to deliver its objectives in this area. It published its Climate Change Strategy in December 2007 and introduced a new corporate objective in 2008 – 'to rise to the challenge of climate change'. It is currently completing a Local Climate Impact Profile and it is on target to achieve Level 1 by March 2009. This will set a baseline from which the Council can prioritise and monitor future activity.

27 The Council is improving access to services. It has improved the accessibility of its website which has received a positive response from service users. It has also extended the methods through which people can make payment for services and increased the number of payment points by providing facilities in retail outlets.

Value for Money

28 The Council is continuing to provide good value for money (VfM) and its score in our 2008 Use of Resources VfM theme remained as a 3. There remains a positive relationship between costs and performance and the Council's costs for some key services such as housing benefits and housing fell compared to similar councils while outcomes improved. The Council exceeded its Gershon efficiency targets.

29 The Council has clear policies and processes for reviewing and improving VfM. These include the integrated Strategic Review and budget process, improvements through contract management, targeting procurement and a programme of Business Process Improvement. However, there remains scope for more challenge and consistency in determining the priority of services and how resources are allocated. Furthermore, the Council's programme of business process improvement did not deliver the efficiencies expected from the programme during 2007/08. We comment on this in more detail in paragraphs 37 - 40.

30 During the year we also looked at how the Council was securing efficiencies through partnership with a view to achieving better value for money. This work fed into our value for money conclusion.

31 The Council's approach in this respect is strong and there is a history of the Council pursuing opportunities to achieve efficiencies through partnership. For example, it has a shared services arrangement with South Oxfordshire DC for revenues and benefits, internal audit and accountancy services and leisure services are delivered as part of a leisure trust arrangement. More recently, the Council has agreed a new waste collection service with South Oxfordshire DC and this provides scope for significant efficiencies and service improvement. Since our partnership review, the Council has joined its management structure with South Oxfordshire DC offering further potential for a shared agenda to be delivered more efficiently and effectively across two district areas.

32 The Council is pro-active in identifying opportunities for shared services and develops robust business cases to this effect. For example, the Council explored the potential for joining up Building Control services with South Oxfordshire DC but the business case did not demonstrate worthwhile savings, and similarly with legal and democratic services. Although these examples did not come to fruition, they evidence that the Council is pro-active in identifying and evaluating opportunities.

- 33 The Council collaborates well with the other Oxfordshire Councils to achieve efficiencies. The Oxfordshire Procurement Partnership is a useful forum both for identifying shared procurement opportunities and cost savings and for facilitating a constant challenge to existing practices within partner councils. The Group has been instrumental in organising county-wide contracts for stationery and IT consumables, recruitment advertising and agency staff. There are also examples of where one council has taken the lead and then made a contract available to others, such as for photocopiers, vehicle tyres and bailiff services. Savings to date have been relatively small scale, but partners are optimistic that the partnership will benefit from the expertise of Buckinghamshire and Milton Keynes councils who have recently joined with the Oxfordshire partnership.
- 34 On a more local level, the Council is working with partners to enhance procurement capacity through sharing resources. An agreement with Oxford city council has enabled the Council and South Oxfordshire DC to plug gaps in internal procurement capacity, as well as ensuring a consistent approach across the three councils and increasing the potential for larger shared procurements.
- 35 The Council's approach to collaborative working provides assurance that it will continue to seek out and deliver innovative solutions to delivering services in a cost effective way.

Implementation of Improvement Plans and Future Sustainability

- 36 The Council achieved the majority of its performance targets in 2007/08 and based on year to date performance it is generally on track to deliver its National Indicators, Local Area Agreement and Local Performance Targets for 2008/09.
- 37 However, there are some aspects of the Council's Organisational Development Programme that have not progressed in line with plans. One area relates to the Council's Business Process Improvement (BPI) Programme. This is a key strand of the Council's Change Management programme intended to deliver efficiency savings through better business processes. However, despite considerable investment, the programme lost momentum during 2007/08 and has not delivered the anticipated efficiencies or improvements. A review of BPI projects concluded that, overall, there was a low probability that the process would yield adequate savings to achieve the Council's National Indicator target and LAA2 contribution around cash-releasing Value for Money gains.
- 38 The Council expects to achieve £458,000 of savings for the current financial year, against a first year target of £560,000. This means that savings above target will need to be made in years two and three to correct this initial under achievement.
- 39 Much has been done in the last six months to revitalise the improvement process. The Council is considering how to progress its approach to achieving efficiencies based on learning from South Oxfordshire DC's approach to 'lean' process reviews. The joint waste contract with South Oxfordshire will also deliver significant efficiencies. It is essential that the Council continues to revitalise its approach to ensure it makes up lost ground to achieve efficiencies, especially in the context of a budget gap.

40 The Council has strengthened its corporate planning framework. In June 2008 the Council published a new Sustainable Community Strategy for the district, 'Your Vale – Your Future'. This sets out the Council's vision for the district up to 2016 and reflects the priorities in the wider Oxfordshire Sustainable Community Strategy – 'Oxfordshire 2030'. During 2007/08, it also commenced work to develop new corporate objectives and priorities. These will take effect from April 2009 when the Council publishes its new corporate plan for the 2009-2012 period. Because of the timing of this work we have not considered the robustness of the Council's new framework and how this translates through to service planning. However, this has been an on-going area of weakness for the Council, despite some improvement in recent years, so we welcome the Council's work to strengthen its arrangements.

41 The Council has continued to improve corporate capacity through managerial and organisational development. Roles within Human Resources (HR) have been redefined and business partner meetings have been established. New arrangements provide more effective support to services to enable them to deliver their objectives. In addition a competency and behaviours framework has been developed for all staff so that they are clear about what is expected from them. The Council is making good progress on implementing its shared management structure with South Oxfordshire District Council. This will lead to savings through amalgamation of posts and shared learning across both organisations. The challenge for the Council is to ensure this restructuring encompasses any issues that might arise as a result of operational and cultural differences between the two Councils

42 Sickness and absence levels increased to 8.97 in 2007/8 cent from 8.06 in 2006/07, although more recent data up to December 2008 shows this has fallen to 5.8 per cent. The challenge for the Council is improving job satisfaction, morale and sickness and absence levels throughout the change process.

43 The Council is continuing to make good progress with equalities. There have been a number of positive developments in the quality and breadth of feedback the Council uses to inform Equality Impact Assessments (EIAs) such as the use of Vale Voice and age concern older people's panel to seek feedback. The Council is making good progress in delivering its corporate equalities action plan objectives including improving information access for disabled people and understanding new migrant communities. It is on target to achieve Level 3 of the Local Government Equality Standard by March 2009 and will undertake a peer review to validate its position in the summer. This represents significant progress given the Council's low starting point in previous years.

The audit of the accounts and value for money

- 44 Your appointed auditor, Maria Grindley, has reported separately to the Audit Committee on the issues arising from our 2007/08 audit and has issued:
- her audit report, providing an unqualified opinion on your accounts and a conclusion on your vfm arrangements to say that these arrangements are adequate on 23 September ; and
 - her report on the Best Value Performance Plan confirming that the Plan has been audited.

Use of Resources

- 45 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).
- 46 For the purposes of the CPA we have assessed the Council's arrangements for use of resources in these five areas as follows.

Table 1

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

Note: 1 – lowest, 4 = highest

The key issues arising from the audit

Financial statements

47 The statements were ready by the deadline and were supported by very clear and comprehensive working papers. All requests for further information and audit queries were responded to quickly and effectively.

Value for money conclusion

48 Whilst there were areas within the scored use of resources assessment which were identified as not meeting requirements (especially relating to the preparation of system notes for key financial systems), these did not impact on the value for money conclusion.

Scored use of resources assessment

49 The Council's overall arrangements were judged as performing well. The key messages from our assessment were:

- Financial reporting
 - The process for production of the financial statements had improved;
 - The Council publishes information on its web site in formats that meet its responsibilities under the equalities legislation
- Financial standing
 - The Council has maintained sound arrangements for financial management, and met some, but not all of the revised stretch improvement criteria
- Financial management
 - The Council monitored its financial position against its budget closely during the year, and both officers and Members maintained awareness of potential impacts on reserve levels

The audit of the accounts and value for money

- Internal control
 - The Council maintained sound arrangements and delivered improvements around risk management. Whilst the lack of procedure manuals for new systems impacted on the use of resources assessment, measures have been taken to address this
- Value for money
 - There remains a positive relationship between costs and performance;
 - The Council's costs continue to reflect policy decisions, with expenditure linked to its strategic and financial plans;
 - The Council has clear policies and processes for reviewing and improving VfM; and
 - The Council can demonstrate innovation in improving value for money, especially around shared services.

Advice and Assistance work

50 There was no advice and assistance work carried out at the Council in 2007/08.

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Looking ahead

- 51 The public service inspectorates have developed 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.
- 52 CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate area assessment and reporting performance on the new national indicator set, together with an organisational assessment which will combine the external auditor's assessment of value for money in the use of resources with a joint inspectorate assessment of service performance.
- 53 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 National Indicator Set and key aspect of each area's Local Area Agreement.

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