

Annual Audit and Inspection Letter

March 2008



# Annual Audit and Inspection Letter

**West Wiltshire District Council**

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles.

- Auditors are appointed independently from the bodies being audited.
- The scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business.
- Auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998, the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

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.

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 0844 798 7070.

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## Key messages

- 1 The main messages for the Council included in this report are:
  - The Council is achieving improvements in most of its 'spotlight' priority areas. For example, recycling performance is good and improving, the availability of affordable homes has increased, and litter and graffiti in the district have reduced. Access to services has improved with the opening of a customer service unit, and the Council has been recognised for its good work with migrant workers. However, planning service performance, despite some improvements, remains poor.
  - Performance indicators (PIs) in 2006/07 show that the Council is improving at a faster rate than many other councils. This follows a track record of above average improvement over the past three years. However, the proportion of PIs that show strong performance compared to other councils are lower than the average. This is in the context of being one of the lowest spending councils per person across the country.
  - Governance arrangements and value for money have continued to improve and this is reflected in our Use of Resources 2007 assessment. This showed that West Wiltshire scored 3 out of 4 'performing well' - consistently above the minimum requirements in all areas.
  - We issued an unqualified opinion on the Council's 2006-07 financial statements. We also judged that the Council had adequate arrangements in place for achieving efficient, effective and economic use of its resources.
- 2 The proposals for local government re-organisation in Wiltshire are having an impact on staffing levels in some areas, and will continue to make significant demands on councillor and officer time during the coming year. The Council is taking action to ensure that appropriate levels of service are being maintained to local residents, and to meet its statutory obligations.

## Action needed by the Council

- 3 Continue to monitor service standards to ensure they remain in line with the Council's minimum standards up to vesting day.
- 4 Ensure that sound governance arrangements remain in place in the period leading up to the establishment of the proposed new council.

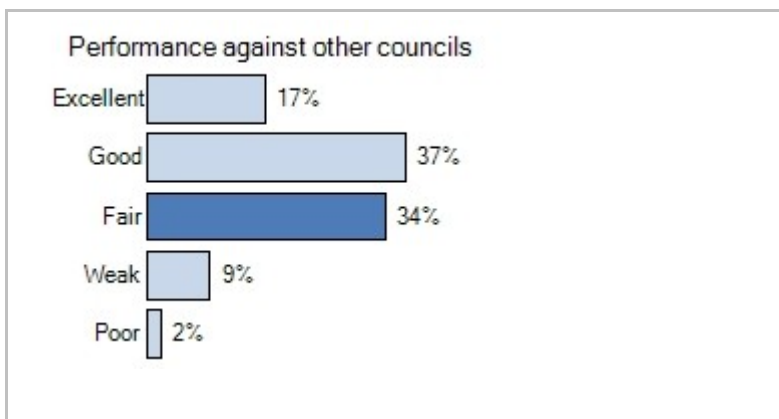
## Purpose, responsibilities and scope

- 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 2006/07 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](http://www.audit-commission.gov.uk). [In addition the Council is planning to publish it on its website].
- 8 Your appointed auditor 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, the auditor 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 CPA framework, including our Direction of Travel report, and the results of any 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 and any such inspections. 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 2006/07 audit and inspection work at the end of this letter.

## How is West Wiltshire District Council performing?

- 11 West Wiltshire 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 updating these assessments, through an updated corporate assessment, in councils where there is evidence of change. 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 Local government re-organisation is one of the key issues affecting West Wiltshire District Council's ability to meet its key priorities in the future. Developing arrangements for the smooth transition to the new unitary authority are making large demands on councillor and officer time. Strategic focus has been switched away from the delivery of long term district council goals to influencing the plans for the new unitary council. The Corporate Plan and Financial Plan have both been reviewed to agree the short term priorities for the Council. It remains committed to completing key projects such as the regeneration of Trowbridge and its housing PFI. Annual service planning has also been simplified and each service has outlined the levels of service that need to continue to ensure that the Council is continuing to provide adequate services to local residents and fulfilling its legal obligations.
- 13 Until vesting day for the new authority (1 April 2009), the Council continues to focus on improvement areas ('spotlights') which are outlined in its refreshed Corporate Plan and how it aims to conduct its work ('getting the job done'). Progress is assessed in detail against each of the Council's six 'spotlight' areas and on 'getting the job done'.

## **Meeting housing need**

- 14 The Council continues to proactively manage housing demand. The district has a shortage of affordable housing, particularly in the private rented sector. During 2006/07 the Council's performance improved in relation to affordable homes completed or acquired and is among the best district councils nationally. The Council is currently working on a major private finance initiative to deliver 400 new homes for affordable rent. Planning approval has now been achieved for 215 units of accommodation which meets the target for the scheme to progress. The next project milestone will be the selection of the preferred bidder which is on target for July 2008. In 2006/07 the number of vacant homes demolished or brought back into occupation reduced, due in part to staff shortages. Despite this performance remained above average compared to other councils.
- 15 Housing advice is being used proactively to reduce homelessness in the district. The number of households in temporary accommodation has dropped by 25 per cent during 2006/07. The average length of stay in hostel accommodation reduced over the same period but performance remains among the bottom 25 per cent of councils nationally. The Council runs a recognised best practice Choice Based Letting service (CBL), called 'Homes 4 West Wilts' which helps eligible people find a Housing Association home in the district by bidding for a property. The Council is jointly leading a project with Kennet District Council to create a sub-regional CBL service for the whole of Wiltshire. It is anticipated that this will be in place by September 2008 and will offer tenants the opportunity to find accommodation anywhere in Wiltshire.

## **Better access to recreation**

- 16 The Council is improving play facilities across the five towns in West Wiltshire. A play strategy has been produced and agreed. Linked to this the Council successfully bid for £237,519 from the Big Lottery Fund's Children's Play Programme which was awarded in December 2007. The play schemes were devised following consultation with the five town councils, and encourage children and young people of all ages to stay fit and healthy while having fun. The Council is working with its partners to provide these facilities.

## **Improve our market towns**

- 17 Partnership working is being used to successfully improve market towns. The Council is working with town councils, the County Council and local communities to regenerate areas of the five market towns of West Wiltshire. Examples include improved pedestrian and cycling facilities in Melksham and replacement street furniture and signs in Warminster. The Council leads the Transforming Trowbridge steering group and is, with partners, implementing a delivery plan to enhance the town's prosperity and environment.

- 18 The Council is working well with its partners to reduce crime levels across the County. For example, it has recently agreed measures designed to kerb alcohol related problems in Trowbridge town centre. Fear of crime is low although the rate of crime has increased slightly during 2006/07. The British Crime Survey indicates that in West Wiltshire fear of all categories of crime is below the national and regional average. The percentage of residents feeling safe outside after dark and during the day is above the national average. Crime rates for all categories of crime other than sexual offences have increased. These increases have been marginal other than for domestic burglaries which have increased by 50 per cent.
- 19 The condition of public spaces is improving. In 2006/07, the level of resident's satisfaction with the cleanliness of public spaces was among the worst 25 per cent of district councils nationally and a drop from the previous survey in 2003/04. The Council has taken action to improve cleanliness and as a result graffiti and fly posting have reduced and levels are among the lowest in England. The percentage of land covered with a significant amount of litter has now dropped to 16 per cent and is below average. Residents can now enjoy a cleaner local environment.

### **Improving development control**

- 20 Planning performance is deteriorating. The percentage of major planning applications processed within the target time continued to decrease in 2006/07 and remains among the worst 25 per cent of district councils nationally. Processing of minor and other planning applications showed some improvement during 2006/07 but were still among the slowest. Satisfaction with the planning service and performance against the quality of service checklist both improved. The percentage of planning appeals allowed against the Council has reduced to 33 per cent indicating that robust planning decision making is increasing.
- 21 Staff vacancies are affecting planning performance during 2007/08. Nine staff from the development control service left the Council in the three months from April 2007 leading to a reduction in the number of all types of planning application processed. Since then, the number of minor and other applications processed has improved slightly and the backlog of cases has been reduced. This is due to changes in work systems and the use of temporary staff.

### **Recycling more waste**

- 22 Recycling performance is good and improving. Between 2005/06 and 2006/07 recycling rates increased from 27 per cent to 40 per cent. Early indications are that recycling rates are continuing to improve during 2007/08. The percentage of the population served by kerbside collection of recyclables has also increased and is now above average at 98.7 per cent. Resident satisfaction with recycling remains among the best councils at 85 per cent. The amount of household waste collected remains low. As a result of a new waste contract the cost of waste collection is now among the lowest in England at £40.74 per household. Improvements to this service mean that the Council is making better use of its waste and reducing the impact of waste on the environment.

## **Putting customers first**

- 23** The Council is improving access to services for all its citizens. A new customer service unit (CSU) was launched in January 2007, covering half of the Council's services, with advisors trained to answer a wide range of queries across front line services. Some CSU staff speak Polish and French to help local Polish and Moroccan residents. Translation services are also available. This means that the wider community can now more easily access council services.
- 24** Equality, diversity and human rights remain high priorities for the Council. The council is at level two (out of five) of the Equality Standard for Local Government. This is the level reached by the majority of district councils. Work to consolidate level two performance will continue and will feed into the development of services for the new unitary authority. The Council has met its published target of 74 per cent for performance against the duty to promote race equality. This remains above average for district councils. Performance in other areas remains low. For example, the Council's workforce is not representative of the local community. It employs a low (but increasing) proportion of staff with disabilities, and the proportion of staff employed from black and minority ethnic communities is reducing and remains among the lowest nationally.
- 25** The number of official complaints made against the Council is increasing. Between 2005/06 and 2006/07 the number of complaints doubled from 13 to 26 but still remains below the average number for district councils. The Council took less time to deal with complaints in 2006/07 and no decisions of maladministration were made by the Ombudsman. Satisfaction with complaints handling has declined slightly but is better than average when compared to other district councils.

## **Council capacity and performance management ('getting the job done')**

- 26** The Council has a set of guiding principles for 'getting the job done'. These are integrated into the Corporate Plan 2006-2010. Set out below is a commentary on the Council's progress against each of these principles.

## **Efficient and effective services**

- 27** West Wiltshire District Council has a lower proportion of performance indicators (PIs) in the top 25 per cent of performance than the average district council (23 per cent compared with 33 per cent). However, in 2006/07 it achieved above average improvement with 61 per cent of PIs improving from 2005/06 compared to the average range nationally of 52 to 55 per cent. This follows a track record of above average improvement over the past three years. The changes made to performance monitoring and better high level links between plans and strategies has contributed to improvements during the last year.

- 28 Improvements to customer service are being delivered. Council staff have been working with consultants to review work processes. These have identified changes to working practices in a number of services and this has delivered improvements to the speed of service delivery. An example is the processing of housing benefit claims. In 2006/07 new claims were processed in 37 days which is among the worst performance of councils nationally. Since then the service has been reviewed and a new way of working introduced resulting in housing benefit claims being processed within 12 days. These reviews are continuing in other services during the transition period to the new council. The resulting new ways of working should ensure that the public continues to receive improved services.

### **High quality communication with the public**

- 29 The Council continues to consult local people on key issues. In May 2007 the Council began consultation on issue papers for each of the five community areas of West Wiltshire. The results of this consultation will be used to develop the Core Strategy as part of the Local Development Framework. The Core Strategy will set out a vision for the towns and villages within the district over the next 20 years and how that vision will be delivered through development and the use of land.

### **Sound financial management**

- 30 Financial reporting and management arrangements are good and internal control and value for money are improving. The Council is now assessed as 'performing well' in its use of resources. The Council has met the national efficiency saving target of 2.5 per cent over three years (or £1.1 million) between 2005/06 and 2007/08. The percentage of invoices paid promptly remains at 95 per cent which is above the average for district councils. The proportion of council tax and non domestic rates collected remains stable and compares poorly with other councils nationally.

### **A focus on priorities**

- 31 The Council is taking a leading role in strengthening partnership working to meet county-wide improvement priorities. The Council has provided a lead to the Wiltshire Improvement Partnership which has developed proposals to improve the governance arrangements to deliver Wiltshire's local area agreement. In addition the Partnership has set up training for councillors and consolidated equalities standards across the five councils - issues identified as improvement priorities across Wiltshire. As a result the capacity of councillors is improving, and accountabilities in key county-wide partnerships are becoming clearer.

## **Strong community leadership**

- 32** The Council is taking the lead on improving access and quality of service to migrant workers. The Chief Executive, the Leader and Chairman took active roles to ensure that new migrant workers from Portugal and Poland settled effectively into the local community. They met with migrant workers and their employers to develop links with the community and assess extra demand on services. The Council also ensured that the needs of migrants were included in the economic and safer communities' strands of the Wiltshire Local Area Agreement. This work has been recognised as good practice and has been used as a case study in a guide for local authorities on working with migrant workers. The Council has helped to develop a strategic and county wide approach to managing migration. As a result minority communities are benefiting from better access to information and services.

## **Accessible democratic decision making**

- 33** Access to and the profile of democratic decision making continues to improve. The Council exceeded its target to have 15 per cent of people registering to vote using the telephone or intranet. New national elections management software was successfully installed on time and used for the May 2007 elections. Meeting agendas, reports and minutes are easily accessible on the Council website. Improving access for all people remains important to the Council and the Council continues to work with its partners on equalities and diversity issues.

## **Service inspections**

- 34** The Council has not been subject to any inspections of its services by the Audit Commission in the past year.

## The audit of the accounts and value for money

35 Your appointed auditor has reported separately to the Audit Committee on the issues arising from the 2006/07 audit and issued:

- an audit report, providing an unqualified opinion on your accounts and a conclusion on your vfm arrangements to say that these arrangements are adequate on 28 September 2008: and
- a report on the Best Value Performance Plan confirming that the Plan has been audited.

### Use of Resources

36 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).

37 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	2007 Assessment	2006 Assessment	2005 Assessment
Financial reporting	3 out of 4	3 out of 4	3 out of 4
Financial management	3 out of 4	3 out of 4	2 out of 4
Financial standing	3 out of 4	2 out of 4	2 out of 4
Internal control	3 out of 4	3 out of 4	2 out of 4
Value for money	3 out of 4	3 out of 4	2 out of 4
Overall assessment of the Audit Commission	3 out of 4	3 out of 4	2 out of 4

(Note: 1 = lowest, 4 = highest)

## **The key issues arising from the audit**

- 38** West Wiltshire's overall score for the UOR 2007 assessment was 3 out of 4 'performing well' - consistently above the minimum requirements. As can be seen from table 1, the Council has strengthened its arrangements in all areas over the past two years, particularly those relating to financial standing and internal control. Work is ongoing to ensure that these arrangements remain embedded in the day to day workings of the Council. However, maintaining this level of performance will be a challenge for West Wiltshire, given the developments in the use of resources key lines of enquiry for the 2008 assessment (arrangements in place to 31 March 2008). The proposals for local government re-organisation in Wiltshire will also result in additional demands on staff and councillors, as key workstreams for the new Council are developed.
- 39** The key issues arising from the audit are as follows.
- Financial reporting - the accounts and working papers were again prepared to a good standard. There were no material amendments and an unqualified opinion was given. The Council continues to publicise its accounts and other relevant financial information.
  - Financial management - the Council has continued to perform well in the way the budget and medium term financial strategy is set, and the way that performance against budgets is managed. The Council has an approved Asset Management Plan and a lead officer and councillor with responsibility for asset management. Maintenance requirements have been built into the budget.
  - Financial standing - overall spending has again been managed within budget and the level of reserves and balances has been maintained in line with the approved policy.
  - Internal control - the Council continues to make progress with risk management and has clarified that member responsibility rests with the Audit Committee. The Audit Committee is also responsible for reviewing and approving the statement of internal control (SIC). The Business Continuity Plan was approved in June 2006 and was updated in June 2007.
  - Value for money - the Council continues to provide good value for money and has improved further its ability to reduce costs whilst maintaining service performance in most services in comparison with others. Total expenditure on services per head is the fourth lowest of all English councils. The Council continues to have robust arrangements for managing costs and performance. A clear process of service reviews is in place where costs or performance is not satisfactory and action is taken to improve both.
- 40** Work is ongoing to ensure that the sound arrangements in place remain effective and fully embedded in the day to day workings of Council.

## Looking ahead

- 41 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.
- 42 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.
- 43 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

- 44 This letter has been discussed and agreed with officers. A copy of the letter will be presented at the Audit Committee on 20 March 2008. Copies need to be provided to all Council members.
- 45 Further detailed findings, conclusions and recommendations on the areas covered by audit and inspection work are included in the reports issued to the Council during the year.

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**Table 2      Reports issued**

<b>Report</b>	<b>Date of issue</b>
Audit and inspection plan	March 2006
Annual Governance Report	September 2007
Opinion on financial statements	September 2007
Value for money conclusion	September 2007
Opinion on whole of government accounts	October 2007
Use of Resources 2007	January 2008
Annual audit and inspection letter	March 2008

- 46 The Council has taken a positive and constructive approach to audit and inspection work, and I wish to thank the Council's staff for their support and cooperation during the audit.

## Availability of this letter

- 47 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.

**Melanie Watson**  
**Relationship Manager**

31 March 2008