

# **Annual Audit and Inspection letter**

**Wiltshire County Council**

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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.

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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](http://www.audit-commission.gov.uk)

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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 a wider analysis of the Council's performance and its improvement over the last year, as measured through the Comprehensive Performance Assessment (CPA) framework.
- 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.
- 3 The main messages for the Council included in this report are as follows.
  - We issued an unqualified opinion on the Council's 2005/06 financial statements. We also judged that the Council had adequate arrangements in place for achieving value for money.
  - Our judgement on the Council's improvement over the last year is that it is 'improving adequately'.
  - Our use of resources assessment of the Council improved from two to three (on a one to four scale).
  - Our work on project management and equalities and diversity identified that the Council needs to be more consistent across all departments.
  - Following the recent re-organisation and re-patterning of services some of the Council's management arrangements are still settling in.
  - The need to respond to the poor results contained in the recent public opinion survey.
  - The arrangements to ensure accurate performance data need to be more formalised.

## Action needed by the Council

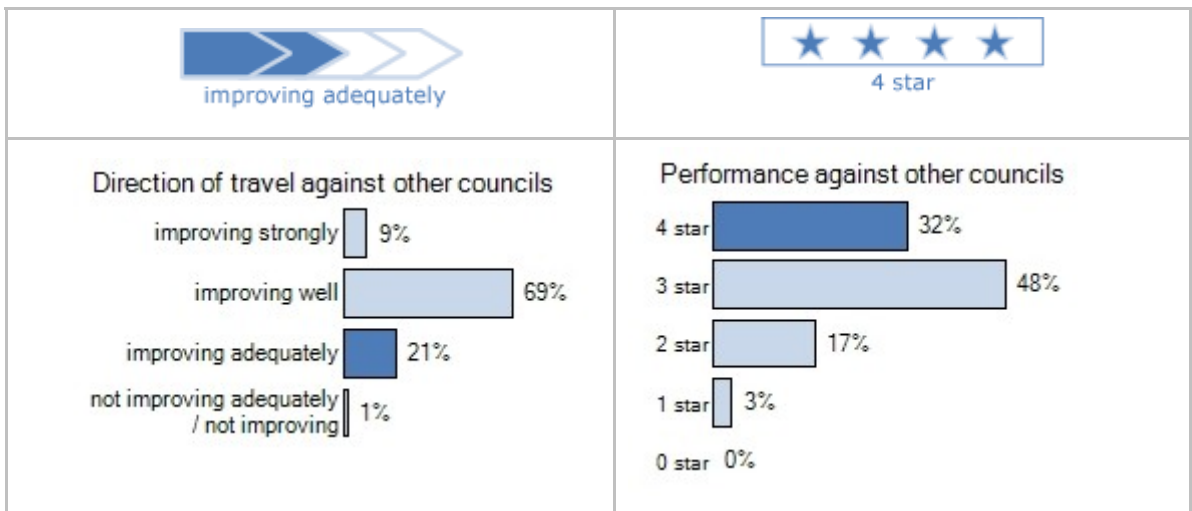
Members should:

- consider how to support the Chief Executive and Corporate Management Board in ensuring good practice and improvements take place consistently through all Council departments';
- respond to the poor results contained in the recent public opinion survey by approving a strategy to improve public opinion about Council's services, which includes a review of the effectiveness of public consultation and communication methods; and
- support officers in introducing a new corporate data system to capture in one place all performance information produced by the Council.

## How is Wiltshire County Council performing?

- 4 The Audit Commission’s overall judgement is that Wiltshire County Council is improving adequately and we have classified Wiltshire County Council as four stars in its current level of performance under the Comprehensive Performance Assessment. These assessments have been completed in all single tier and county councils with the following results.

**Table 1**



Source: Audit Commission

## 6 Annual Audit and Inspection letter | How is Wiltshire County Council performing?

- 5 The detailed assessment for Wiltshire County Council is as follows.

### Our overall assessment - the CPA scorecard

**Table 2 CPA scorecard**

Element	Assessment
Direction of Travel judgement	Improving adequately
Overall	Four stars
Current performance	
Children and young people	3 out of 4
Social care (adults)	3 out of 4
Use of resources	3 out of 4
Environment	3 out of 4
Culture	4 out of 4
Previous corporate assessment/capacity to improve, as included in overall CPA judgement in 2006	3 out of 4

(Note: 1 = lowest, 4 = highest)

## The improvement since last year - our Direction of Travel report

### Summary

- 6 Most services are performing well and improving but the extent of improvement in some areas, such as adult social care, is less than many county councils. Overall public satisfaction with the Council and some of its services has fallen. Educational achievement is improving for most children and GCSE results remain high. Adult social care serves most people well, but joint commissioning arrangements with health are underdeveloped. Household waste recycling has improved and is within the best 25 per cent nationally. Community safety performance is also good with burglaries and vehicle crime falling. The condition of county roads has improved and injury from road accidents is reducing. Access to services is improving, but the pace of change is too slow. Action is being taken to meet the needs of minority communities.
- 7 The Council provides good value for money and has solid plans for further improvement. Financial issues in social care are being addressed. Areas needing improvement are being addressed through improved governance arrangements, a new corporate management board, and a strengthening approach to programme management. It has the capacity with its partners to deliver its plans.

## What evidence is there of the council improving outcomes?

- 8 The Council's corporate plan 2006-2009 sets out its main objectives. The three key aims are:
- excellent services at an affordable cost;
  - high public satisfaction and value for money; and
  - a transparent and local county council.

### Excellent and affordable services

- 9 The Council is providing many good quality services but the rate of improvement in some areas this year is less than other councils. The Council has a higher proportion than average (42 per cent) of selected services that are performing in the best 25 per cent for all county councils. However, the extent of the Council's improvement in 2005/06 when compared to other county councils is below average. Fifty two per cent of the Council's national PIs used to assess direction of travel improved in 2005/06, compared to an average of 63 per cent for county councils.
- 10 The Council provides good value for money with performance consistently above minimum requirements. Overall costs for key services are low compared to similar councils and Council efficiency targets have been exceeded, demonstrating a continuing focus on improving value for money.
- 11 Education results overall show improvement in 2005/06 and are particularly good at GCSE level. Services for children with special educational needs continue to get better, but educational achievement for children looked after by the Council requires improvement in that too few were able to sit national tests and public examinations in 2005. In community work, the Youth Offending Service is achieving excellent performance and crime levels are falling overall.
- 12 Improvement in adult social care services is mixed. At the start of the year relationships with previous health partners and performance in some related services was poor. Action has been taken to improve partnership arrangements and relationships with the new PCT for Wiltshire are being successfully rebuilt. As a result, there is currently no joint commissioning framework with health partners, although one is under development. Significant capacity issues in social care services have also been largely addressed. Numbers of people with learning and physical disabilities who are helped to live at home has fallen and the recording of ethnicity of service users is poor compared to other councils nationally. However, the council was awarded beacon status for valuing people in 2005/06 and satisfaction with home care services is good. Unit costs for residential care are low and take up and coverage of direct payments is very good.

- 13 Environment services are good and improving. Household waste recycling is in the best 25 per cent performance for county councils and builds on the 2004/05 LPSA achievements. The condition of roads continues to improve and the number of people killed or injured on roads continues to fall. Access to public transport has been maintained with 90 per cent of the rural population having at least daily access to bus services and 62 per cent to at least an hourly service. The Council's continued focus on its priority areas has been demonstrated in its continuous improvement in public services for Wiltshire people.

### **Public satisfaction**

- 14 Public satisfaction with the Council and many of its services has declined significantly since 2003/04. The recent customer survey has shown a sharp fall in overall satisfaction (64 per cent in 2003/04 to 46 per cent in 2006/07). This means that overall satisfaction with the Council is now amongst the bottom 25 per cent of councils nationally compared to 2003 when it was amongst the top 25 per cent of performers. However, the Council is satisfied that some of the dissatisfaction identified in the latest survey relates to public services provided by other organisations in the County. More people feel well informed about Council activities than three years ago and satisfaction with libraries and parks and open spaces has increased. However, people are now much less satisfied with the way the council deals with their complaints and satisfaction with planning services and public transport has fallen.

### **A transparent and local council**

- 15 The Council has a strong community focus. Its priorities reflect those of local people. External regulators acknowledge this focus and since the corporate assessment in 2004 there has been an improving trend in performance across a range of public services. Priorities are reflected in its corporate plan and the new community strategy. The Council has beacon status for getting closer to communities and it is actively involved in the countywide Customer First Partnership. It is championing the local area agreement (LAA) and a local public service agreement. This focus on the community has resulted in achievements for local people, but recent satisfaction ratings demonstrate that these achievements may not yet be clear to the wider community. The Council demonstrates good levels of partnership working for children and young people, but partnership governance arrangements with the health sector are currently underdeveloped.
- 16 Good progress is being made in improving access and quality of service for all citizens. For example, in 2006 the Council has established a rural community car scheme, reopened a gypsy and traveller transit site, introduced text voting for young people during youth assembly elections and set up forums for parents and carers of young people with special educational needs.



- 17 The Council is committed at senior level to improving its approach to diversity and equality. It has a race equality scheme and has recently improved its race relations policy. The Council now has recent intelligence about the views of ethnic minority residents and it has developed a comprehensive disability equality strategy in consultation with disabled staff and residents. It supports staff through disability and ethnic minority forums. Some departments are delivering excellent work to ethnic minority and disabled citizens as well as monitoring and measuring improvement. However good work is not replicated across all departments. The culture to support ethnic minority and disabled staff is improving but remains variable and depends on line management. Lack of staff awareness sometimes leads to exclusion and isolation.

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

- 18 The Council shows strong leadership. Its decision in the summer of 2006 to strengthen corporate working and governance arrangements resulted in several Corporate Management Board (CMB) directors leaving the Council. Following a restructuring of the top team, a new set of directors has been recruited and the first full CMB meeting of the new team met in February 2007. This clearly shows that the Council can take difficult decisions in order to improve corporate capacity and working.
- 19 The Council's plans to deliver its priorities are well developed and robust. These focus on achieving the targets set under each priority. The plans link in well with its corporate and medium term financial plans and support its performance management, financial planning, accommodation and HR strategies. The Council is strengthening further its arrangements for using resources and working with partners and communities.
- 20 External assessment of improvement plans is good overall. Children's services are delivered consistently above minimum requirements and have good capacity to improve. Social Care services for older people have been assessed as serving most people well but with uncertain prospects for improvement compared with the previous 'promising' assessment. The Government Office assessed the Council's plans for local transport as very good which is an improvement from the 2005 assessment of 'fair'.
- 21 The Council is working well in implementing its improvement plans across a range of services. It has strengthened its strategic target setting arrangements - a Local Public Service Agreement (LPSA) is in place and a new Local Area Agreement (LAA) is work in progress. In 2006 the Council completed its first three year internal communications strategy and is currently developing its replacement. Council wide e-mail bulletins and other initiatives have improved internal communications. Improvements have been made in financial management and the medium term financial strategy (MTFS). Improvements in ICT have resulted in better services in a number of areas - improved contract efficiency; better on-line services in education and business communities and increased partnership working on securing external funding.

- 22 Capacity is good and improving but more can be done in some areas. Additional investment in HR and a restructuring of the service is leading to a greater focus on strategic HR supporting the business in HR operations, management development and training. The management of strategic risk is a high priority for the CMB who monitor it regularly. Improvements in the Council's approach to project and programme management have been supported by stronger governance arrangements and restructuring of the CMB. A challenging budget in adult care services has been managed well. Its arrangements for ensuring data quality are adequate with some room for improvement. Progress on the business process re-engineering and customer care project has slipped significantly because of governance issues in project management. Work is now in progress to get this project back on track. Achievements so far include the restructuring of the Council's website. Full implementation and benefits realisation will greatly increase the Council's capacity to deliver.

## Service inspections

- 23 No individual service inspections were carried out by the Audit Commission this year.
- 24 Relationship Managers work with other inspectorates and regulators who also review and report on the council's performance. We share information and seek to provide co-ordinated regulation to the Council.
- 25 During the last year the Council has received assessments from other inspectorates, including:
- Government Office South West Local Transport Plan Assessment;
  - Commission for Social Care Inspection (CSCI) Annual Performance Assessment of Adult Services; and
  - Joint OFSTED/ CSCI Annual Performance Assessment of Children and Young Peoples Services.
- 26 We have used these as evidence to help arrive at the Council's overall CPA rating and to reach the Direction of Travel judgement. The assessments have been separately reported to the Council, and they are referred to in the Direction of Travel report where significant.

## Financial management and value for money

- 27 As your appointed auditor, we have reported separately to the Audit Committee (who act on behalf of the Council as ‘Those Charged With Governance’ for this purpose) 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.
- 28 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).
- 29 For the purposes of the CPA we have assessed the Council's arrangements for use of resources in these five areas as follows.

**Table 3**

<b>Element</b>	<b>Assessment</b>
Financial reporting	3 out of 4
Financial management	2 out of 4
Financial standing	2 out of 4
Internal control	3 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)*

- 30 In the past year the Council has made and embedded improvements in two of the five UoR themes (financial reporting, internal control and value for money). This is a significant achievement. Following our work, we discussed the areas where more action is necessary over the next year in order to secure further improvement and these are set out in our report dated November 2006.
- 31 The key areas where improvement is needed include:
- further embedding of risk management processes;
  - improving the flexibility of budget reporting and financial reporting to Cabinet;
  - improving reporting of asset management including progress on repairs and maintenance backlogs;
  - avoiding significant departmental overspends; and
  - demonstrating more pro-active arrangements in respect of anti fraud and corruption.
- 32 Other key issues arising from the audit, as reflected in the above judgements, are as follows.

### **Project management**

- 33 The Council is currently running 60 major projects, including business process improvement, a new HR structure, corporate Investors in People, Children's Services Integration and several procurement or ICT related projects. Robust management of these projects is essential to ensure that projects are delivered to time, within budget and achieve expected outcomes.
- 34 In December 2004, the Council agreed to develop a comprehensive project management framework. It was concerned that arrangements for individual projects were inconsistently applied across the organisation. It subsequently developed a scaleable project management framework applicable to all council projects including those carried out in schools.
- 35 The implementation of the framework was split into two phases. Phase 1 - the development and presentation of the business case; and Phase 2 - the design and implementation phase. The implementation of these phases raised significant governance issues on project management which the Council was keen to address.
- 36 During May to August 2006 we carried out a review designed to assess the Council's progress and plans to deliver project management in a consistent manner across the whole organisation and to focus on the wider corporate programme management and governance issues identified during implementation.

- 37 We concluded that the Council has made significant progress in building a structured approach to managing and delivering projects through a new project management framework. However, the implementation of this has been inconsistent across the Corporate Management Board (CMB) and within different directorates. The Council and its Chief Executive are aware that it needs to improve in this area and has recently taken action accordingly.

### **Equalities and diversity**

- 38 The Council's corporate assessment in 2004 stated that the Council had not yet developed a corporate and comprehensive approach to ensuring services addressed the diverse needs of their community. In response, the Council appointed a consultant to prepare a corporate equalities plan and co-ordinate corporate activity to improve equalities performance indicators.
- 39 The Council completed the Audit Commission's self assessment tools covering race and disability. We reviewed this and other documents and held discussions with a range of officers and councillors, key partners and voluntary sector agencies.
- 40 We concluded that the Council is committed at senior level to improving its approach to diversity and equality and some departments are delivering excellent work to ethnic minority and disabled citizens. For example, the Council has a race equality scheme and has recently reviewed and improved its equal opportunities policy. But the commitment to improve is not replicated across all Council departments and although the culture to support ethnic minority and disabled staff is improving, it remains variable and depends on line management. Also, the Council has not yet developed performance management systems to capture baseline quantitative and qualitative information on the views of their residents about council services.
- 41 Our report contained a number of recommendations which should help to spread the good practice across all Council departments. We recognise that the Council's recent structural changes will naturally aid this process.

### **IT service management**

- 42 Good Information Technology services are a key enabler in delivering efficient services and helping to release direct cash savings. Organisations can only deliver improvements in IT by aligning and managing their IT services with the organisation's business objectives. In 2006, we assessed the service against a recommended government framework of best practice and to highlight weaknesses and strengths in the Council's arrangements in the following areas:
- supporting users;
  - supporting business;
  - managing change; and
  - managing risk.

- 43 We concluded that overall the Corporate ICT Unit (CICTU) provides good support to Council users and manages risks well but it is only adequate at supporting business and managing change. The prospects for improving in these areas are good as the new organisation and business processes become more mature.
- 44 The key areas for improvement include:
- service level management (ie the process that manages and improves agreed levels of service between user and service departments) is not fully developed;
  - CICTU has not developed activity based costing models or implemented commitment accounting;
  - configuration management (ie the management of ICT assets and the relationships between them) is not yet fully established; and
  - asset registers are not available to user departments and some departments continue to maintain their own IT asset register.
- 45 We are currently discussing our findings with management and hope to agree an action plan shortly.

## **Governance**

- 46 No significant internal governance issues have arisen during the year. However, in our Annual Governance report to the Audit Committee we referred to a number of issues which we felt it was helpful to draw to members, attention. These included:
- the quality of the statements produced for audit has improved again this year, but there is still scope to improve them further by further develop some working papers to strengthen the audit trail (ie by better cross referencing and better explanation of variances); and
  - disclosing trading accounts properly in future financial statements.
- 47 We have had detailed discussion with officers on both of these issues and are satisfied that they will be addressed in the 2006/07 accounts.

## **Data Quality**

- 48 This year we reviewed the overall management arrangements in place to produce accurate performance information and tested the accuracy of a small number of individual performance indicators.
- 49 We concluded that adequate arrangements were in place although there was scope to formalise these arrangements including the introduction of a corporate on line data system to capture in one place all performance information produced by the Council. The Council is due to consider this as part of its development of a data system.
- 50 Our testing of individual PIs supported our conclusion on overall arrangements but did identify weaknesses in the arrangements for collecting information on the cost of visits to libraries.

## **Internal Audit**

- 51** This year we carried out a detailed review of Internal Audit designed to assess whether or not they comply with the required auditing standards. We identified some improvements since our last review including a better focusing on the requirements of the new standards and the introduction of a new risk planning tool. We concluded that Internal Audit met the standards although there is scope to develop a new, user friendly internal audit manual and to develop reporting to officers and members.
- 52** Internal Audit therefore continue to be an effective management control within the Council's overall system of internal control and we continue to be able to place reliance on their work. We have set out the extent to which we plan to do this in the future in our joint working agreement with them.

## Conclusion

- 53 This letter has been discussed and agreed with the Chief Executive and other senior officers and the Leader. A copy of the letter will be presented at the Final Accounts and Audit Committee on 22 April 2007.
- 54 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

- 55 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

March 2007