

Annual Audit and Inspection Letter

March 2008



Annual Audit and Inspection Letter

Wiltshire County 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.

© Audit Commission 2008

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

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

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

www.audit-commission.gov.uk

Contents

Key messages	4
Action needed by the Council	4
Purpose, responsibilities and scope	5
How is Wiltshire County Council performing?	6
The improvement since last year - our Direction of Travel report	7
Service inspections	12
The audit of the accounts and value for money	13
Accounts	13
Whole of government accounts return	13
Best Value Performance Plan	14
Data quality	14
Use of Resources	14
Looking ahead	16
Closing remarks	17
Availability of this letter	17

Key messages

- 1 This year has been extremely challenging for the County Council. Following the recent re-organisation and re-patterning of services the Council has had to divert its attention and some resources to its successful bid for a unitary authority for Wiltshire. At the same time it has had to deal with other issues and crises such as budget pressures in social services, the flooding in the summer and reduced levels of public satisfaction for services in the county.
- 2 Key messages for the Council are:
 - the Council has done well to maintain its direction of travel but because of reductions in the children and young people and adult service assessments its overall CPA category has fallen this year to three (out of four) stars;
 - our judgement on the Council's improvement over the last year is that it is improving adequately;
 - 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 value for money; and
 - the quality of data has improved following the introduction of new corporate systems and processes.

Action needed by the Council

- 3 Members should:
 - continue to embed and extend good practices throughout the Council eg control over data quality in departments;
 - continue to focus attention on improving priority services that are poorly performing;
 - monitor the actions agreed by officers to ensure that the quality of financial statements continues to improve; and
 - work with partners to ensure that capacity is secured to maintain local government services across Wiltshire during the transition to a unitary council.

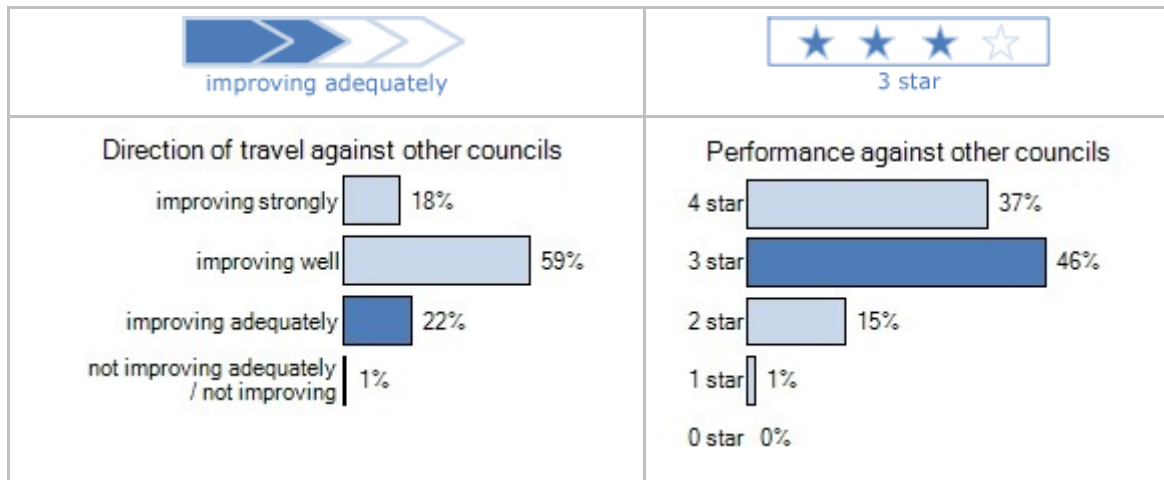
Purpose, responsibilities and scope

- 4 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.
- 5 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.
- 6 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].
- 7 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.
- 8 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.
- 9 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 Wiltshire County Council performing?

- 10 The Audit Commission’s overall judgement is that Wiltshire County Council is improving adequately and we have classified Wiltshire County Council as three 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.

Figure 1



Source: Audit Commission

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

Our overall assessment - the CPA scorecard

Table 1 CPA scorecard

Element	Assessment
Direction of Travel judgement	Improving adequately
Overall	3 star
Corporate assessment/capacity to improve	3 out of 4
Current performance	
Children and young people*	2 out of 4
Social care (adults)*	2 out of 4
Use of resources*	3 out of 4
Environment	4 out of 4
Culture	3 out of 4

(Note: * these aspects have a greater influence on the overall CPA score)
(1 = lowest, 4 = highest)

The improvement since last year - our Direction of Travel report

What evidence is there of the council improving outcomes?

- 12 Wiltshire County Council is improving adequately.
- 13 Many services are improving and the rate of improvement is slightly above average when compared to other councils. In the past nine months the Council has started to improve services that performed less well in 2006/07. Services for vulnerable adults, such as those leaving hospital, are improving, but performance remains below average. Educational achievement is improving for most children, and services for pre-school children are good. Household waste recycling performs well and county roads are becoming safer, though casualty numbers remain above average. The Council is engaging well with young people and providing more activities for them, such as an award winning website and radio station. A strong focus on customers and value for money is resulting in improved and more efficient services, such as those for disabled people.
- 14 The Corporate Board has effectively reviewed priorities in readiness for a new Council in 2009 and plans are well integrated and aligned. Joint plans with its health partners have been slower to develop but partnership working with the NHS is improving. Shared targets through the Local Area Agreement are on track for achievement.

The Council's achievements against its priorities

- 15 The Council's corporate plan, updated in 2007, sets out three key aims to make Wiltshire a better place to live and work. These are: *excellent low cost services*; *high public satisfaction*; and *effective and transparent local government*. These aims are underpinned by 23 'goals' covering a range of detailed service delivery issues such as to provide at least 20 children's centres by 2008, as well as broad strategic aspirations such as 'reduce the carbon footprint of the Council' and 'strengthen local influence and decision making'. These goals are supported by specific milestones and targets for achievement by March 2009.

Excellent low cost services

- 16 Council services are improving in priority areas, although scope exists to improve further. In 2006/07, 66 per cent of Audit Commission (AC) selected performance indicators (PIs) improved compared with the previous year. This is just above the average (61-65 per cent) when compared with councils nationally. However, the quality of priority services is below average. 44 per cent of indicators in priority areas achieved above average performance, but only 13 per cent of AC selected PIs achieved top 25 per cent performance compared with the average for all councils of 28 per cent.
- 17 The Council is making good progress against a wide range of actions to support the aims and targets in the corporate plan. For example it is on track to provide 14 children's centres in the county by the end of 2007/08 - with nine completed so far, and has established an electronic gateway (Sparksite) for young people offering access to learning, training and information. It has opened the History Centre in Chippenham and increased activities for young people in the county's libraries. Schemes to improve public areas are underway in Amesbury and Warminster town centres, and the condition of footways and principal roads in the county have improved. However, progress in some key areas is less than expected, such as the numbers of admissions to residential and nursing care and the low take up of direct payments to older and disabled people. In addition although the education attainment of 14 year olds is still above average, progress in maths and science is not as good as expected.
- 18 The Council is improving some poorly performing adult care services. In 2006/07, the number of older and vulnerable people helped by the Council to live at home was low compared with most other councils. The Council is responding by developing new initiatives such as a re-ablement service that is providing targeted help to restore independence to people previously unable to live independently. In addition, 50 units of extra care housing have been developed in Devizes, with another 50 units planned for Pewsey in 2008. As a result of such initiatives delayed transfers of care are reducing, although numbers remain comparatively high.

- 19 External inspections in 2007 have been positive. The adoption service, inspected in January 2007, was rated as 'good', with recognised improvement since the last inspection. The fostering service, inspected in February 2007, was found to be 'providing good outcomes for people who use it'. Inspection of family learning in June 2007 concluded that 'the overall effectiveness of provision is satisfactory and capacity to improve is good'. This shows that vulnerable service users are benefiting from these services
- 20 Well performing services have continued to improve. Educational attainment at both GCSE and 'A' level in 2007 improved and remained above the national average. Waste recycling and composting continues to improve with the county now recycling 38.28 per cent of its waste. The amount of waste collected also remains low compared with other councils, although it increased in 2006/07. Improvement in these areas helps improve people's quality of life.
- 21 The Council is contributing to wider outcomes for the community. For example, the number of children looked after by the Council who are involved in crime has reduced significantly and now compares to the best performing councils nationally. Although the rate of some crimes, such as vehicle theft increased in 2006/07, crime levels in Wiltshire remain low. Noticeable reductions in the number of people killed or injured on Wiltshire roads have been achieved, however numbers still remain high. This contributed to Wiltshire being a safer place to live.

High public satisfaction

- 22 Customer care is improving. The Council is resolving more telephone calls first time, demonstrated by the drop in the total number of calls it receives from 1.44 million in 2005/06 to 1.06 million in 2006/07. Its call centre has been expanded to include highways, a social care helpdesk has been established and a hotline set-up for schools to handle enquiries about special educational needs. This means that callers to the Council are now receiving a more prompt and efficient service.
- 23 A stronger focus on customers and development of more efficient services is benefiting residents. The Council has started a programme of service re-design to improve efficiency and service quality. For example, changes in the way Blue Badge applications for disabled people are dealt with has significantly reduced processing times from several weeks to less than two days. This has resulted in an improved service for applicants and achieved an annual cost saving to the Council of £120,000. The principles of re-design are now being rolled out to other service areas.
- 24 Satisfaction with the Council is improving. In 2006 the level of satisfaction with the Council was amongst the worst 25 per cent of councils nationally at 46 per cent. In 2007 the Council's own in-house survey found that 52.3 per cent of residents are now satisfied with the Council.

Transparent local government

- 25 The Council is successfully encouraging local people to get involved in decisions about their services. For example, eight young people's issues groups (YPIGs) have been set up around the county to give young people the chance to meet with local councillors and decision makers to discuss their concerns. These groups have successfully raised funds for a mobile youth centre and helped develop alternative sports opportunities for young people. The Council has responded to concerns from carers about its insufficient engagement with them, by developing new ways of seeking their views such as a local involvement network and a care service hotline. This is resulting in improved satisfaction amongst carers.
- 26 In October the Council was recognised by the government as one of 18 empowerment champions nationally. These champions will work with the government to help spread innovation to other councils about how people can play a bigger role in the way decisions about local services are reached. Wiltshire was selected for the work it is undertaking to create 20 community area boards as part of the creation of One Council for Wiltshire. The Council has a track record of seeking people's views on service and policy matters such as its approach to equality and diversity, and the involvement of young people in the development of its Children and Young People's Plan.

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

- 27 This year has been extremely challenging for the County Council. Following its recent re-organisation and re-patterning of services the Council has had to divert its attention and some resources to its successful bid for a unitary authority for Wiltshire. At the same time it has had to deal with other issues and crises such as budget pressures in social services, the flooding in the summer and reduced levels of public satisfaction for services in the county.
- 28 The Corporate Board has reviewed priorities in readiness for the new Council in 2009 and plans are well integrated and aligned. An updated corporate plan supported by a new medium term financial strategy (MTFS) is taking forward priorities and actions. The MTFS was developed in workshops, enabling challenge and a shared understanding of the opportunities and threats faced. New partnership governance arrangements are being established to ensure that the new Local Area Agreement (LAA) and One Council for Wiltshire are aligned and support each other. Improved financial and performance management is reflected in the robust action plans to address the continuing challenges facing social care.

- 29 Although at an early stage, promising signs exist of the Council establishing a solid partnership with Wiltshire PCT. The Council is now taking steps to improve joint commissioning capacity to meet the needs of vulnerable people. A joint County Council/PCT commissioning strategy for mental health is currently out for consultation and joint commissioning strategies for older people and people with learning disabilities are being prepared. The recent joint appointment of a director of public health between the Council and the PCT demonstrates a commitment to improved partnership working. This is important as strong partnership working and robust joint plans support better services for vulnerable people.
- 30 The Council is securing good value for money (VFM) from its services. It is delivering efficiency savings that exceed government targets and investment is being targeted at improving VFM in the longer term through 'spend to save' and 'lean thinking' initiatives. A centralised procurement and management function is reducing whole life costs with significant savings in energy costs, use of agency staff and the ICT contract (where savings of £850,000 are predicted in 2007/08). The Council's unitary council bid (One Council for Wiltshire) is supported by a Business Management Programme (BMP) to procure new finance/HR/Payroll and procurement systems to achieve further efficiencies.
- 31 The council is on track to meet most of its improvement planning milestones. A key milestone is the contract (now signed) to divert 50,000 tonnes of waste from landfill to a new energy from waste plant near Slough. This is part of a long term waste management strategy which has been commended by the Carbon Trust. Local Public Service Agreement (LPSA) targets for domestic violence, homelessness among young people, alcohol related offences and streetscene are also on track for achievement. It has met its waste minimisation targets ahead of schedule. The Council is currently developing, with partners, a new LAA for agreement by June 2008. Achievement of these targets ensures better services for local people and additional funding from the government of around £6.7 million for meeting LPSA commitments.
- 32 The Council has improved its capacity to manage change and improvement. The creation of a new department of resources has generated savings and targeted investment into key areas to aid improvement. Support services have been restructured through combining performance and risk management, finance and HR services. A clear political imperative has been to ensure that current service delivery and plans for improvement must not slip as a result of transition planning for the new unitary council. To support this, additional resources have been allocated in the MTFs to cope with the transition, for example to allow 'back filling' of posts that are engaged in the 'One Council' agenda. However, capacity to deliver many district provided services in Wiltshire is stretched. Sickness absence levels at the Council remain low compared to other councils. As a result the Council has sufficient staff capacity to deliver its improvement plans.

12 Annual Audit and Inspection Letter | How is Wiltshire County Council performing?

- 33** The Council's approach to risk management is improving. A new policy is in place and responsibility has transferred from finance to the performance team. Although it is too early to assess the outcomes from this new policy, it aims to integrate risk management more effectively within the Council's performance framework and reflect the broader range of organisational risks facing the council. This is particularly important as the Council faces the major changes associated with transition to a new council.

Service inspections

- 34** An important aspect of the role of the Relationship Manager is to work with other inspectorates and regulators who also review and report on the Council's performance. Relationship Managers share information and seek to provide 'joined up' regulation to the Council. During the last year the Council has received assessments from other inspectorates including:
- Commission for Social care Inspection (CSCI) Annual Performance Assessment of Adult Services; and
 - OfSTED Annual Performance Assessment of services for Children and Young People.
- 35** We have used these assessments 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.
- 36** This year the Audit Commission did not carry out any service inspections.

The audit of the accounts and value for money

- 37** Your appointed auditor has reported separately to the Finance and Audit Committee on the issues arising from the 2006/07 audit and has issued:
- an audit report, providing an unqualified opinion on your accounts and a conclusion on your vfm arrangements on 27 September 2007 to say that these arrangements are adequate; and
 - a report on the Best Value Performance Plan dated 12 December 2007 confirming that the Plan has been audited.

Accounts

- 38** This year the preparation and presentation of the Council's accounts was made more difficult by:
- the significant changes to the presentation of the accounts required by the 2006 SORP; and
 - the departure of a key member of the finance team, after the preparation of the accounts, but during the audit process.
- 39** Whilst all required statements were prepared we did identify a significant number of presentational and other accounting issues which required amendments to the financial statements. However, none of these had any significant effect on the Council's financial position.
- 40** The drive to continue to improve the quality of local authority accounts continues as the 2007 SORP requires further changes to the format of the financial statements from 2007/08 and from 2009/10 the Council's accounts will be prepared on the basis of International Financial Reporting Standards (IFRS).
- 41** The Council has not yet completed the single status/equal pay agreement. Once implemented the agreement is likely to create a significant liability in the Council's General Fund when claims for back pay become payable.

Whole of government accounts return

- 42** On 1 October 2007 we issued our report on the Whole of Government Accounts (WGA) Consolidation Pack confirming that the pack was consistent with the Council's accounts.

Best Value Performance Plan

- 43 Our audit of the Council's BVPP confirmed that the plan complied with all relevant requirements in particular that the BVPP was published by the statutory deadline and that the required indicators for 2005/06 had been included along with the targets for the following two years.

Data quality

- 44 Arrangements to ensure the quality of data continue to improve. Although our audit of Data Quality identified that all performance information subjected to detailed checking was fairly stated we did identify that source data captured and maintained locally by departments is not always subjected to the same rigorous controls as corporate systems.

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 2

Element	Assessment
Financial reporting	3 out of 4
Financial management	3 out of 4
Financial standing	3 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)

The key issues arising from the audit

- 47 The key issues identified were as follows.
- In our report to those charged with governance we made a number of recommendations relating to the processes behind the preparation of the financial statements. The most significant of these related to the need to improve internal quality processes to ensure that future accounts submitted for approval by members are internally consistent and comply with the SORP.
 - This year, following discussion during the audit, the Council updated its Statement of Internal Control (SIC) to include more specific references to the pension fund which improved the quality of the document.
 - Although the overall Use of Resources score remained unchanged at level three, the Council increased its scores in relation to the financial standing theme which increased from a three to four and similar increases were also achieved in a number of sub themes (ie 1.2 external accountability, 2.3 asset management and 4.3 probity and propriety)
 - The quality of published data improved this year following the improvements made to data systems across the County.
 - The Council has yet to complete its single status/equal pay exercise which will create significant liabilities when claims for back pay are received.

Looking ahead

- 48 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.
- 49 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.
- 50 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

- 51 The letter has been discussed and agreed with the Chief Executive and senior officers and is due to be presented to the Final Accounts and Audit Committee on 30 June 2008. Copies need to be provided to all Council members.
- 52 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.

Table 3 Reports issued

Report	Date of issue
Audit and inspection plan	March 2006
Annual Governance Report	September 2007
Opinion on financial statements	September 2007
Value for money conclusion	September
Final accounts memorandum	October 2007
Statutory report on BVPP	December 2007
Use of resources (auditor judgement)	December 2007
Data Quality report	January 2008
Grants report	February 2008 (expected)
Annual audit and inspection letter	February 2008

- 53 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

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

Brian Bethell
Relationship Manager

March 2008