

Annual Audit and Inspection Letter

Wiltshire County Council

Audit 2007/08

March 2009



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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 a three-star Council under the Audit Commission's Comprehensive Performance Assessment (CPA). The CPA categorisation has remained the same since last year
- 2 The Council is improving well under the Audit Commission's Direction of Travel Assessment. The Council is making good progress with its transition plans towards a new unitary council for Wiltshire. The performance of services has been largely maintained or improved despite this being a period of significant change for the organisation.
- 3 Your appointed auditor, KPMG, issued an unqualified opinion on the Council's financial statements, along with a conclusion that the Council has proper arrangements to secure value for money.
- 4 In the annual use of resources assessment the Council was assessed as performing well (level three out of four) overall. This maintained the performance achieved last year, although there were some improvements for specific areas.
- 5 The Council has managed its transition to the new unitary Council well so far, along with the work to date on implementing the new Business Management Programme (BMP).

Action needed by the Council

- 6 The Council should:
 - sustain improvements in social care services for adults to ensure that services for vulnerable people are of a good quality;
 - monitor progress in assessing and improving the Council's performance against the standards in the new use of resources regime;
 - develop plans to deal with its investments in Icelandic banks once the implications of these investments become clearer. Such plans should seek to manage the financial implications that will arise should some or all of these investments prove to be irrecoverable; and
 - continue to monitor closely the progress made in preparing for the transition to the new unitary council and the implementation of BMP in April 2009, and also how the new arrangements and system bed down thereafter.

Purpose, responsibilities and scope

- 7 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.
- 8 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.
- 9 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).
- 10 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, your appointed 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.
- 11 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.
- 12 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 Wiltshire County Council performing?

- 13 The Audit Commission's overall judgement is that Wiltshire County Council is improving well and we have classified the Council as three-star 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 Overall performance of councils in CPA



Source: Audit Commission (percentage figures may not add up to 100 per cent due to rounding)

Our overall assessment - the CPA scorecard

Table 1 CPA scorecard

Element	Assessment
Direction of Travel judgement	Improving well
Overall	3 out of 4
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	3 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

- 14 Wiltshire County Council is improving well.
- 15 The Council is successfully managing major organisational change - the merging of four district councils with the county council to form one council - while continuing to maintain services for local people.
- 16 Many services are improving but some at a slower rate than other similar councils. Educational achievement is good and improving. More 19 year olds leaving care are getting jobs or going into education than last year. Young people are involved well in decision-making about services. Crime and fear of crime have reduced and the County's roads are safer. Services for vulnerable adults, such as those leaving hospital, are improving, but performance remains below average. The Council is proactively investigating ways it and its partners can minimise the impacts of the economic downturn in Wiltshire.
- 17 The Council is making good progress with its transition plans. It is providing good support to its new service directors to develop plans for how services will be delivered in the new council. It is effective at engaging with local communities and is usefully piloting community area boards prior to the new council's formation.

How is Wiltshire County Council performing?

What evidence is there of the council improving outcomes?

- 18 The Council has adopted the Local Agreement for Wiltshire (the LAW), which incorporates the Local Area Agreement (the LAA), as its corporate plan. This contains seven ambitions for Wiltshire covering the following topics: stronger, resilient communities; affordable housing; lives not services; economic growth; safer communities; and the environment.
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Improvement against priorities

Stronger, resilient communities

- 19 The Council, along with partners, is making good progress with its LAA ambition around resilient communities. For example, the Fit Together programme is working with communities in intergenerational sport and cultural activities (over 530 people of all ages and abilities) and has trained 111 volunteers. The Council has organised 17 new community sport and physical activity groups/projects (including training programmes) in 2008.
- 20 Educational achievement of Wiltshire's schoolchildren is improving and more 19 year old people who are leaving care are going into employment, training or education than last year. There has been a deterioration in the percentage of young people leaving care aged 16 or over with at least 1 GCSE grade A* to G. But figures for year 11 students show an improvement compared with last year.
- 21 The Council is effective at engaging with local communities. Social care services are engaging with local communities and building good partnership arrangements to develop services that are responsive to local need.

Affordable housing

- 22 Wiltshire has made good progress against its target for affordable housing. So far, in 2008/09, 328 new affordable homes have been provided against a target for the year of 479. A new strategy for accommodation for older people has secured £1.4 million to build extra care housing for those in need. This has already resulted in some additional extra care provision and more is planned. The Council has been in discussion with the primary care trust and the ministry of defence about using some of their land for affordable housing. This is at an early stage and so has yet to impact on the delivery of affordable homes but it is a positive start. And the percentage of care leavers at age 19 living in suitable accommodation has improved.

Lives not services

- 23** The Council has delivered some improvements to adult social care and its prospects for delivering further improvements are promising but overall its rating remains unchanged from last year at one star. A number of service areas have shown improvements this year but performance remains relatively low compared with others. For example figures show marked improvements in working with health partners to ensure that people do not have to spend too long in hospital and can be discharged promptly, but performance at December 2008 was well below others in the South West. Other service areas have shown a deterioration in service levels. One example is people's ability to exercise choice and control through direct payments where performance dropped in 2007/08 and was by far the lowest in the South West. Council figures show recent increases in this area. The Commission for Social Care Inspection assessed the Council's adult care services as having promising prospects for improvement because it has shown improvements in community engagement, strong and more responsive leadership and improved performance monitoring arrangements.
- 24** The recent joint area review of children's services found some good performance. For example, effective work has been done in reducing the number of young people who are not in education, employment or training. And work to reduce teenage conceptions is good. Children and young people have very good opportunities to contribute to decision-making. The review found that arrangements for safeguarding looked after children and children and young people with learning difficulties and/or disabilities are all adequate. Ofsted's annual overall assessment for children's services has been maintained (as adequate), but two of the five key national objectives for young people - being healthy and staying safe received a lower score than last year. An inspection of the fostering service found a good service. And the inspection of the youth development service found an adequate service with good leadership and management.

Economic growth

- 25** Performance against the ambition to create an environment for economic growth is mixed. The Council has secured funding to support training through the learning and skills councils to contribute towards this priority. And it has provided advice to local business (573 business advice sessions and 339 intensive assistance interventions). Ofsted rates the Council's advice to children and young people about careers as strong. But the Council is not meeting its targets for the number of 16 to 18 year olds who are not in education, employment or training. The Council's view is that the economic downturn may be factor in this.

How is Wiltshire County Council performing?

- 26 The Council is working proactively to understand important changes in the county. The Council and its partners recognise the need to understand better the impact of the current economic downturn in Wiltshire as well as the actions they need to take to minimise the impacts. To help with this, the Council has commissioned a consultant to carry out some work in this area. The project will help inform what actions the Council, partners and local people can take to address the issues locally. And the council is carrying out research to assess the significance of planned military changes for communities in Wiltshire. This research will help the council better understand the changing needs of its community.

Safer communities

- 27 Overall crime levels in Wiltshire have reduced as have the percentage of people who are worried about crime. The Council is doing good work to contribute to the LAA target of 'communities are safe and feel safe'. Strong partnership working on domestic violence is providing specialist courts in Swindon and Chippenham. Repeat victim rates have reduced from 44 per cent to 30 per cent. The Council has also exceeded its targets for the numbers of young offenders involved in education, training and employment. And the five Wiltshire councils and community safety partner agencies have delivered county-wide 'Weeks of Action'. Activities in these weeks included: street cleaning, litter picking, graffiti removal, clean-ups, walk to school day, county-wide community roadshows offering advice/guidance to the general public, a reparation project with young offenders, plus distraction activities for young people.
- 28 Road safety has improved in the County following a recent downturn. The number of people killed or seriously injured on the roads fell from 351 (of which 31 were children) in 2006 to 275 (of which 13 were children) in 2007. And less people have been slightly injured in road accidents. The number fell from 1597 in 2006 to 1,355 in 2007.

Environment

- 29 The Council has improved its performance in terms of recycling and household waste collected. Recycling figures fell slightly this year because of a change in the way that this is measured. The Council's figures show that, without this change, its recycling figures increased this year. The Council is active in working to minimise the amount of waste produced by encouraging things like home composting. As a result, the amount of waste collected per head reduced this year compared with last. But relative performance has slipped because other councils have made greater improvements.
- 30 The state of footways in Wiltshire deteriorated in 2007/08. A sample of footways showed that 36 per cent are in need of repair which is amongst the worst performing councils nationally and this has deteriorated significantly since last year when the figure was 18 per cent. But the Council has recently carried out significant work to improve footways, including extensive paving work in many town centres, with works going on at Amesbury, Warminster and Melksham. It has used a new, lower cost technique to maintain footways, allowing it to treat greater areas - over 30,000 square metres in 2007/08. The Council expects this to deliver continuing improvement. There has been some improvement in the percentage of footpaths that are easy to use at 70.5 per cent but this is still below average when compared nationally.

Working together

- 31** The Council has done a lot of work to set out new governance and partnership arrangements. Along with partners, it has put in place new arrangements to replace the previous local strategic partnership arrangements to take forward the new LAA. These include strategic and operational groups with representatives from the public, voluntary, community and business sectors. And the Council is working in 12 pilot community areas to develop new governance arrangements. It has been short listed for an LGC award for this work. The Council is also supporting plans for a voluntary sector assembly to mirror the partnership structures in Wiltshire that the public sector has developed. This is an interesting development but it is too early to be clear about what the outcomes will be.

Wider community outcomes

- 32** The Council is working to avoid discrimination against people because of disability. It runs an annual event in conjunction with partners and disabled people. The week long initiative includes a range of events across the county as well as training workshops for staff. The Council and the Equalities and Human Rights Commission have provided funding to develop an equalities framework for Wiltshire that will involve a range of key organisations and partners. The Council has achieved level two of the equalities standard for local government. There has been an increase in the percentage of high earning women and disabled people in the Council as well as more disabled staff across the Council. As a result the Council's workforce now better represents the population profile of Wiltshire.

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

Quality of plans

- 33** The Council has taken a pragmatic approach to its corporate planning during the transition. It is using the Local Area Agreement alongside the One Council for Wiltshire Programme as its Corporate Plan for 2008/09. It is also developing a one year plan for the first year of the new Council (2009/10). This is a sensible approach because it will allow the new council, when it is elected, to develop its priorities to inform a longer term corporate plan.
- 34** The Council has ambitious plans to improve and standardise core business processes across the organisation including the management of budgets, procurement, HR, payroll, performance and risk. The Business Management Programme aims to improve, streamline and standardise core business functions. The Council expects this to deliver improved financial and performance management and governance leading to savings.

How is Wiltshire County Council performing?

- 35 The Council is developing its plans well for the future. It has developed some cross cutting resource strategies (covering finance, ICT, people and property) in preparation for updating its corporate plan. These resource strategies each provide a baseline of the current situation as well as a description of where the Council wishes to be and actions for how to get there. Some of the plans, such as the People Strategy are very clearly set out with SMART action plans. Others such as the ICT plan are more complex and do not contain an overarching action plan that sets who will do what and when to deliver the strategy. The property strategy action plan does not include any information about who is responsible for ensuring that actions are delivered. There are more detailed action plans to support both the ICT and property plans but some information about responsibilities in the high level strategies would be useful.
- 36 The Council has carried out a lot of work looking at frontline services as part of the transition. All district councils were involved in looking at what works well and what needs to change. The Council's critical path document is a key tool in managing the transition. It will form the basis for tracking progress for service directors in delivering services in the new council. At the moment, the critical path is focused on the transition period but will be developed over coming months to provide an overview of the key change programmes across the Council.
- 37 The Council has comprehensive plans about how it will make sure that it is in touch with communities across Wiltshire. It has carried out extensive work setting out what the new partnership arrangements will be in Wiltshire.

Implementation of plans

- 38 The Council is making good progress with its transition plans. The recruitment of most of the service directors has helped this significantly. The service directors are planning new structures and assessing what needs to improve. They have a range of information to help them to do that including helpful comparative information that the performance and risk team provided to each service director about their areas of responsibility. Some service directors are also building on good work done in districts to inform their services. For example the service director responsible for development control is using recommendations in a cross council scrutiny report to help address service weaknesses in some areas of the county. And the Council is planning to apply business process reengineering techniques to further improve the performance and reduce costs of services.
- 39 The Council is clear about the need to develop a new corporate culture as part of its transition process. It is making good efforts to clearly articulate exactly why it needs to change as well as what it will look like. It has produced a very clear leaflet that sets out in a concise way what the new council will be like. It sets out the vision for the new council, the values that will underpin the vision and how it will go about developing and building the right culture. All the service directors' job descriptions include promoting the new culture and they had to sign an agreement about this when they were appointed.

- 40 The Council's corporate approach to communicating with staff through the transition is good. It has an extranet site that provides an extensive array of information for staff about the transition including history, progress and updates on staffing structures. A range of mechanisms are in place for people to make comments and ask questions and see the responses to questions that have already been asked. And senior councillors and officers from both the County Council and the districts have been proactive in face to face communication.
- 41 The approach to engaging and involving staff is inconsistent. Service directors have different approaches and some staff feel included and some do not. Good examples exist of engagement with staff about the new structures. For example some service directors have made use of existing technical groups (from across all the councils) to do work around service planning and helping to develop structures and procedures for the new council. But some staff still have concerns about their future. Our direction of travel work in the districts found a mixture of views about the extent to which people felt that they had been involved in discussions about the new council and there remains anxiety amongst many about their future. There have been recent dips in staff morale in some areas following communication about structures. Some staff are uncertain about when they will know what is in store for them.

Capacity

- 42 The Council is making good progress to ensure that it has the senior capacity it needs for the future. Most of the senior posts have been filled and plans are in place for shadow running of the new authority alongside the old from January to April. The Council has set up a programme office to provide specialist support in change and programme management as well as offering practical tools and templates to assist in the process. But the timetable for recruiting service heads (those people who will report to service directors) is putting pressure on some service directors and causing uncertainty and anxiety for some staff.
- 43 The Council is providing good support to service directors to help them in the transition. It has produced a useful and comprehensive handbook for service directors setting out what is expected of them and what support they can call on to help them. The document is a clear and comprehensive guide to help to deliver a consistent approach from all service directors. This is important to ensure clear messages and transparent and fair approaches for everyone in the Council during a significant period of change. And a strong spirit of cooperation exists amongst the senior managers to make the transition work. The lack of a person in post in the strategic HR service director role has meant that some support has been lacking although there have been interim support arrangements in place.
- 44 The Council is making good progress to deliver projected savings as part of the transition. The Council has a transition budget that estimates the costs of the transition and the savings to be achieved. The Council has exceeded its predicted savings in the first year and estimates that the total cost of the transition will reduce from the original budget of £17.370 million to £17.036 million enabling it to transfer £334,000 back into general reserves.

Arrangements and corporate governance

- 45 The Council has sound arrangements in place for balancing the ongoing delivery of services and the transition from five councils to one in Wiltshire. The work towards one council has been divided into two distinct sections, one ensuring that existing services continue to be delivered well until April and the other looking at longer term transition. And, on the whole, where people have been seconded into the transition team, they have been backfilled. Now that Service Directors are in post, they have taken on responsibility for much of the transition in their areas, for example devising new organisational structures. Sound arrangements are in place to deal with risks during the transition phase and the Council is making progress with new governance arrangements. It has a risk register for the transition and individual district councils are also producing risk registers to ensure risks are minimised during the transition. The Council is making good progress in piloting area boards (as referred to previously) but arrangements cannot be finalised until the boundary review is completed.

Service inspections

- 46 The Audit Commission has not undertaken any service inspections at the Council in 2007/08. An important aspect of the role of the Comprehensive Area Assessment Lead is to work with other inspectorates and regulators who also review and report on the Council's performance. CAALs share information and seek to provide 'joined up' regulation to the Council. Findings from other inspectorates work has been incorporated into our assessment of the Council's direction of travel above.

The audit of the accounts and value for money

- 47 Your appointed auditor, KPMG, reported separately to the Council's Final Accounts and Audit Committee on the outcome of the 2007/08 audit. KPMG issued an audit report in September 2008 providing an unqualified opinion on your accounts and a conclusion on your VFM arrangements to say that these arrangements were adequate.
- 48 In December 2007, the Council's previous appointed auditor issued a report on the Best Value Performance Plan confirming that the Plan has been audited.

Use of Resources

- 49 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).
- 50 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	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 audit of the accounts and value for money

The key issues arising from the audit

- 51** The Council's overall score has been assessed as level three, which means that overall you are performing well. You have performed well in respect of your arrangements over four of the five themes, Financial Reporting, Financial Management, Financial Standing and Value for Money. Improvements are achievable in certain aspects of Internal Control where the Council has performed adequately and achieved a score of level two.
- 52** Specific improvements were made in relation to the Council's management of performance against budgets. This had previously been scored as a level two due to limitations in the Council's financial reporting tools. However, we have seen sufficient evidence of flexible operation which were reflected in the assessment for this aspect of Financial Management. These improvements were not sufficient to increase the overall Financial Management score, however, which remains unchanged at level three.
- 53** Performance is adequate (level two) in relation to Internal Control. The overall score in this theme was limited because the Council did not have a business continuity plan in place during 2007/08 which was reviewed and tested on a regular basis, this being a requirement for achieving level three for this theme. A new Business Continuity Plan has now been approved and progress is well underway including a regular, planned testing programme.
- 54** The assessed scores for other areas remained unchanged from last year.
- 55** In reaching the assessment for Financial Standing, KPMG also assessed the impact of the Council's investments with Icelandic banks, given the threat that these may be irrecoverable (in whole or in part). As the risks surrounding these investments arose during the 2008/09 financial year it was concluded that this does not impact on the financial standing assessment for 2007/08. This situation will need to be considered during the next use of resources assessment. It will be important that Members monitor the situation closely to ensure that the necessary plans are in place to manage the financial implications that will arise should some or all of these investments prove to be irrecoverable.

Data quality

- 56** The Audit Commission has developed an audit approach for assessing data quality. This review determines whether the Council has in place proper corporate management arrangements for data quality. It also considers whether these arrangements are being applied in practice through the detailed 'spot check' testing of a sample of performance indicators.
- 57** Auditors assess local authorities' corporate management arrangements for data quality against standards developed by the Audit Commission, reaching an overall conclusion against a defined four-point scale. KPMG's data quality audit concluded that the Council's overall performance on data quality was performing well (the third highest of four assessment levels).

- 58 The results of the spot check testing indicated that the data quality underpinning your performance indicators is largely adequate. However, a significant error was noted in the data originally submitted for one indicator, where the underlying data was provided by a third party contractor, and a minor amendment was required in respect of another indicator.

Local Government Reorganisation & Business Management Programme

- 59 As part of their programme of audit work, KPMG has been undertaking specific work on the Council's arrangements for managing the transition to the new unitary council for Wiltshire which will be created on 1 April 2009. Linked to this review has been specific consideration of how the Council is managing the implementation of a new Business Management Programme (BMP), the key aspect of which is the replacement of the County Council's and district councils' key financial systems with a new SAP system. This is also intended to 'go live' on 1 April 2009.
- 60 This review will take place over a number of phases and the results of the first phase are summarised below. This work forms part of KPMG's programme of audit work for 2008/09, but it has been performed early to reflect the pace of change on both the merger and BMP, and also the critical dates the Council is working to in the short term.
- 61 Following the first phase of work, KPMG reported in December 2008 that the Council was handling the transition to the new Wiltshire Council well.
- 62 The starting point was set up well with committees being formed and the implementation of Project Initiation Documents with responsible individuals assigned to them at each stage of the transition. This has since moved on, with the appointment of Service Directors who are ultimately taking responsibility for their service area. The transition process is now operating under the Council's new senior management structure rather than the previous project work streams, thereby supporting decision making and change.
- 63 The staff regulations were issued in June 2008 and the Council appointed nearly all its Service Directors by the end of July 2008. The Council also made good progress on setting up detailed department structures and job descriptions.
- 64 Now that the Council is moving into the final stage of the programme, it has identified critical paths and items. Inevitably, as the deadline approaches, some elements of a large programme like this will not run to plan. The Council will need to monitor progress against critical items closely and take prompt action to overcome or work around problems areas.
- 65 KPMG's work in this area has continued since the initial review, with a second phase concentrating on the lead up to transition and BMP implementation in April 2009.

Other audit work

- 66 As part of their wider programme of use of resources work for the 2007/08 audit, KPMG undertook specific audit projects in a number of areas. The table below summarises the key conclusions from this work.

Table 3 Summary of other audit work

Project	Key conclusions
Business continuity	<p>The review in April 2008 concluded that the Council had a basic level of business continuity planning in place. High-level arrangements were therefore established, but they did not systematically identify critical processes and resources and plan for recovery of these resources in order to resume service delivery in the event of a disruption.</p> <p>However, the Council has plans in place which, if implemented successfully, should address the lack of detail in its current arrangements. This will involve performing business impact analysis activities for each service, including the identification of critical resources required for each process, and developing recovery strategies. The Council's plans will bring it in line with recognised good-practice, although this will require considerable, detailed, and long-term input from all levels across the Council.</p> <p>A new business continuity policy has since been approved, defining responsibilities for business continuity management. This policy will be a useful tool to support the planned activities and improvements.</p>
Local Area Agreements	<p>The Council has established comprehensive and appropriate governance arrangements for the LAA. Structures are clear and understood, as are the lines of accountability surrounding the various groups that have been established within the Wiltshire 'family of partnerships'. Reliance is placed on the established financial management arrangements of each organisation, thereby mainstreaming that aspect of the LAA into the day-to-day business the LAA partners.</p> <p>Performance management arrangements focus on monitoring the achievement of the outcomes intended through the LAA. Targets were suitably informed by past performance levels, although this will need to be revisited and refined to reflect new and changed indicators under the new National Indicator set.</p>
Equality & diversity	<p>Overall, the Council has made good progress against the recommendations made by the Audit Commission in its previous audit study:</p> <ul style="list-style-type: none">• four out of the ten objectives have been fully implemented and achieved;• a further three have made strong progress and are close to being achieved; and• three were not yet achieved at the time of review. <p>Preparations for unitary status have had a significant impact on priorities in relation to equality and diversity and it is reasonable that some of these recommendations should be delayed so as not to duplicate work when the move to one council takes place.</p>

- 67** Further information on the findings from this year's audit work, including details on the recommendations for improvement, are set out in separate audit reports from KPMG. These are available through the Final Accounts & Audit Committee papers on the Council's website.

Looking ahead

- 68 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.
- 69 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.
- 70 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 aspects of each area's Local Area Agreement.

Closing remarks

- 71** This letter has been discussed and agreed with the Chief Executive. A copy of the letter will be presented at the Council's Final Accounts & Audit Committee on 25 March 2009. Copies need to be provided to all Council members.
- 72** 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 4 Reports issued

Report	Date of issue
Audit and inspection plan	June 2007
Business continuity review	April 2008
Interim audit report	June 2008
Report to those charged with governance	September 2008
Opinion on financial statements	September 2008
Value for money conclusion	September 2008
Review of Local Government Reorganisation & Business Management Programme (phase 1)	December 2008
Review of Local Area Agreement	March 2009
Annual audit and inspection letter	March 2009

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- 73** 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

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

Melanie Watson
Comprehensive Area Assessment Lead

March 2009

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

Copies of this report

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