

Annual Audit and Inspection Letter

Kennet District 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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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 any inspections that have been undertaken in the last year. The letter includes our review of how well the Council has progressed (our Direction of Travel report) and the auditor's assessment of how well the Council has managed its finances (the Use of Resources scores). These latter components will be an important feed into any future decision regarding the potential for a rescoring the Council's Comprehensive Performance Assessment (CPA) category.
- 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:
 - Kennet continues to perform well and has sustained improvement in key priority service areas. The Council consistently provides high quality services and 47 per cent of performance indicators are within the best 25 per cent when compared with similar councils. Planning service performance remains good and the Council is currently on target to exceed its recycling target.
 - The Council has maintained this level of performance with limited resources and within tight financial constraints. Through its community leadership role significant external funding has been made available for a range of community based projects.
 - The Council has sound governance arrangements in place and this is reflected in our Use of Resources assessment, which showed that Kennet was performing well in all areas.
 - 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.

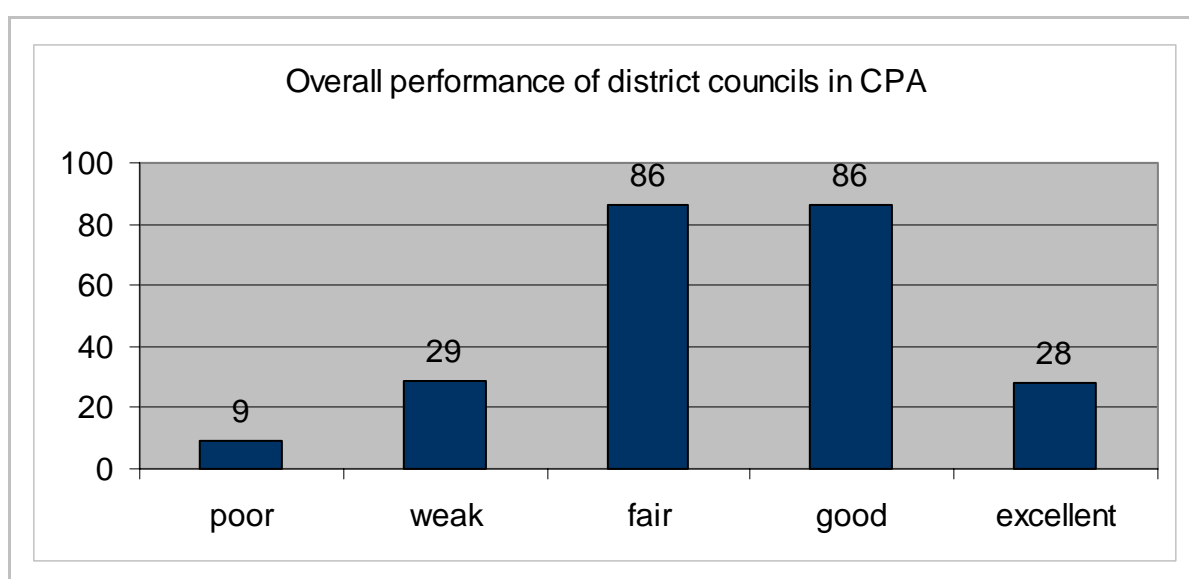
Action needed by the Council

- 4 Continue work to implement the training and development programme for Members to facilitate effective leadership, challenge and accountability.
- 5 Fully embed the improvements to governance processes introduced during 2006, following our previous Use of Resources assessment.

How is Kennet Council performing?

- 6 Kennet District Council was assessed as Good in the Comprehensive Performance Assessment carried out in 2004. These assessments have been completed in all district councils and we are now starting to update these assessments, through an updated corporate assessment, in councils where there is evidence of change. The following chart is the latest position across all district councils.

Figure 1 Overall performance of district councils in CPA



Source: Audit Commission

The improvement since last year - our Direction of Travel report

- 7 This year Kennet District Council has continued to perform well and sustained improvement in key priority service areas. The Council has maintained this level of performance with limited resources and within tight financial constraints. The Council has adopted its corporate strategy and has four key priorities; Community Leadership, Stewardship of the Environment, Developing Strong, Safe and Healthy Communities and Improving Services.

Community Leadership

- 8 The Council has continued to develop this role. The four community planning partnerships are well established, each has a local community plan to guide their activity and the Council has devolved £20,000 to each partnership to help fund their priorities. The Council enables these community based groups to access external funding for local projects and attracted in excess of £3.7m in external funding last year. Some of this funding is used for district wide projects such as improved recycling services and some is more locally focused such as the e-pewsey project to increase access to the internet for local people in Pewsey.
- 9 The Council is working effectively at a sub-regional level to facilitate sustainable levels of development within the district, particularly to support the provision of local affordable housing across the district and a more balanced community at Tidworth. This is linked to the development of the Council's Local Development Framework and community plan.
- 10 Equality, diversity and human rights remain a high priority for the Council. There is a clear understanding of the diversity of the local population and the range of issues and needs local people face from rural isolation to the impact of the army on local people and businesses.
- 11 The Council remains committed to keeping local people informed of its services and local issues. A good quality twice yearly council newspaper is delivered to every home in the district. This contains a variety of interesting articles and outlines clearly some of the challenges faced by the Council particularly the resourcing of services.

Stewardship of the Environment

- 12 Planning performance continues to be good. The quality of the planning service measured against a checklist is one of the best 25 per cent in England. The time taken to decide major and minor planning applications is also in the best 25 per cent, while other applications on average take longer, 86 per cent of these are still decided within the government's target of eight weeks. The Council's planning decisions are robust when challenged at appeal with only 25 per cent of appeals being allowed against the Council's decision, again this is within the best 25 per cent of councils in England.
- 13 Performance in recycling and waste management has improved significantly in the last year. The Council has restructured its waste collection service to integrate a 100 per cent kerb-side recycling scheme with alternate week refuse collections. This was implemented to an agreed timetable and within the existing budget for the service. The new service was launched in July 2006 and has already shown significant increases in the volume of recycled waste and composting and a reduction in municipal waste going to landfill. The Council is on target to exceed its recycling target of 25 per cent.

- 14 The Council's environmental health service continues to perform well protecting people from hazards and ensuring food safety. A transformational review of the service identified efficiency savings and through the implementation of an improvement plan the service is now more efficient, providing better value for money and still performing well.

Developing Strong, Safe and Healthy Communities

- 15 The Council, with partners through the Crime and Disorder Reduction Partnership, continues to work hard to reduce crime. Crime rates are low in the district and falling. Domestic burglary is the main issue for the partnership and rates are falling slowly.
- 16 The Council is proactively managing the housing demand within the district. House prices are high; the district is attractive and well located for Swindon and London and therefore a popular location. The rural nature of the district makes it difficult to build large-scale housing developments so restricting the supply of homes. This impacts on the availability of affordable homes for people in housing need. However, the Council is refocusing the advice service available for people in housing need to further reduce the number of homeless people in the district. It has high quality hostel accommodation which is flexible and can accommodate a variety of household sizes. The number of new affordable homes with planning permission and funding is beginning to rise and will ease the current pressure on housing.
- 17 The Council is working with the Army to manage the housing stock available to improve ownership options and provide more security of tenure for service families, including shared ownership opportunities. This will also help to provide a more stable community at Tidworth encouraging investment by local businesses and facilities, improving employment opportunities and creating greater community cohesion.
- 18 The Council has worked hard to improve the housing benefits service, with significant success. The service is better resourced with increased staff and improved technology. Performance has improved and customers are receiving a more timely and reliable service.

Improving services

- 19 Kennet District Council provides consistently high quality services. Performance indicators show that 47 per cent are within the best 25 per cent when compared to other similar councils. In addition to this high level of performance the council has also managed to improve 58 per cent of performance indicators which is average for all councils.
- 20 The Council receives few formal complaints and the ombudsman has found no cases of maladministration. Customer feedback is sought in a number of ways including feedback forms to customers, survey information and an easily accessible complaints procedure. The Council is responsive to complaints and feedback and this is used to inform service improvement and learning.

- 21 The Council is actively engaging with local people, through the community planning and Local Development Framework process, at venues across the district. These discuss a range of topics and link directly with the four community planning partnerships.
- 22 The Council has successfully developed a new approach to procurement through a corporate procurement team. This has resulted in an increase in joint procurement with other districts reducing the overall costs of services, for example the new stationery contract procured jointly with the Wiltshire and Gloucestershire Districts.
- 23 Partnership working is central to the council's approach to efficient service delivery. The Building Control service is working towards jointly delivering with neighbouring councils a flexible service that is responsive to customers needs and can compete effectively with the private sector. Working in partnership with community based organisations is well established and successful within the district.

Service inspections

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

Financial management and value for money

- 25** Your appointed auditor has reported separately to leading Members, as those charged with governance, on the issues arising from the 2005/06 audit and has 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.
- 26** In addition, our Annual Use of Resources (UoR) assessment evaluates how well councils manage and use their financial resources. The assessment focuses on the importance of having sound and strategic financial management to ensure that resources are available to support the Council's priorities and improve services, covering five themes, as follows.
- 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).
- 27** Scoring is based on the following scale.

1	Below minimum requirements – inadequate performance
2	Only at minimum requirements – adequate performance
3	Consistently above minimum requirements – performing well
4	Well above minimum requirements – performing strongly

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

Table 1

Element	Assessment
Financial reporting	3 out of 4
Financial management	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)

- 29 Kennet's overall score was 3 out of 4 'performing well'. The Council had strengthened its policies and procedures in some areas since our previous assessment and was now assessed as performing well in all areas. Work is continuing to ensure that these arrangements are firmly embedded in the day to day workings of the Council.
- 30 The key issues arising from the audit are as follows.
- Financial reporting - the accounts were again prepared within deadlines, supported by good working papers and contained no material amendments. The Council is strong on promoting external accountability in its financial reporting.
 - Financial management - a robust financial planning framework remains in place. The Capital Strategy and Asset management Plan have been reviewed and updated and arrangements for reporting to Members continue to be strengthened.
 - Financial standing - balances have been maintained in line with the policy set out in the medium term financial plan. The level of reserves and balances remains satisfactory.
 - Internal control - governance arrangements remain sound and continue to be strengthened, particularly at Member level. There is a good assurance framework in place and the Corporate Finance Scrutiny Sub-Committee has an annual programme of work which provides member review and challenge for governance arrangements.
 - Value for money - sustained improvement has been achieved in key priority services within tight financial constraints. The Council has a good record of achieving its efficiency savings and attracting external funding.
- 31 Work is ongoing to ensure that the sound arrangements in place remain effective and are fully embedded in the day to day workings of Council.

Data quality and the Best Value Performance Plan

- 32** We issued a report on the Council's Best Value Performance Plan (BVPP) for 2006/07 in December 2006. The BVPP was published by the statutory deadline and included all the required information. We did not identify any matters to report to the Council and did not make any recommendation on procedures in relation to the plan.
- 33** Our review of the management arrangements in place for ensuring that data is of a good quality showed that the Council's arrangements are adequate. Performance information is considered on a regular basis by Members and senior officers and actions to further develop its arrangements are included in the Improvement Plan. Our detailed testing showed a good level of compliance and data accuracy and there were no qualifications to the information submitted to the Audit Commission.

Grant claims

- 34** Our testing of your housing benefit subsidy claim for 2005/06, representing some £15m, identified a problem with the process for extracting figures from the computerised system which was used to complete the claim. The process was re-run and this resulted in amendments to a number of cells on the claim, which increased the subsidy due to the Council by £130,024. Further testing identified other adjustments of £11,176. In total the increased subsidy due to the Council was £141,190 and the claim was amended prior to certification. Our detailed findings were discussed and agreed with officers and an action plan agreed.

Conclusion

- 35 This letter has been discussed and agreed with your Management Team. A copy of the letter will be presented to Full Council on 24 April 2007.
- 36 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

- 37 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

Relationship Manager