

Annual Audit and Inspection Letter

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# Annual Audit and Inspection Letter

**Salisbury 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.

#### Document Control

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#### **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.

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## Our overall summary

- 1 This report provides an overall summary of the Audit Commission's assessment of Salisbury District 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:
  - The Council offers good value for money. Overall costs for key services are good compared to other similar councils and there are comparatively low levels of council tax. The Council is delivering on its annual efficiency plan and 38% of its performance indicators are in the top 25%, well above the average for all district councils.
  - The Council has good plans to improve services and the office centralisation project seeks to improve the quality of customer service and provide better access. This is a significant project and the Council will need to ensure that current strong project management arrangements continue to ensure that the project is delivered on time and within budget.
  - The Council continues to improve its arrangements for managing and using its resources and was assessed as 'performing well' scoring 3 out of 4 in all areas, although the Council faces some major financial challenges to continue to deliver high standards of council housing and leisure services in a changing environment.
  - 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 Ensure that effective project management arrangements remain in place for the duration of the office accommodation project. Close monitoring of the financial position will be essential to the Council's continued sound financial standing.
- 5 Continue work to develop the new business plan for housing and ensure that the costs of providing the proposed 'standards of service' are reflected in the Council's Medium Term Financial Strategy.

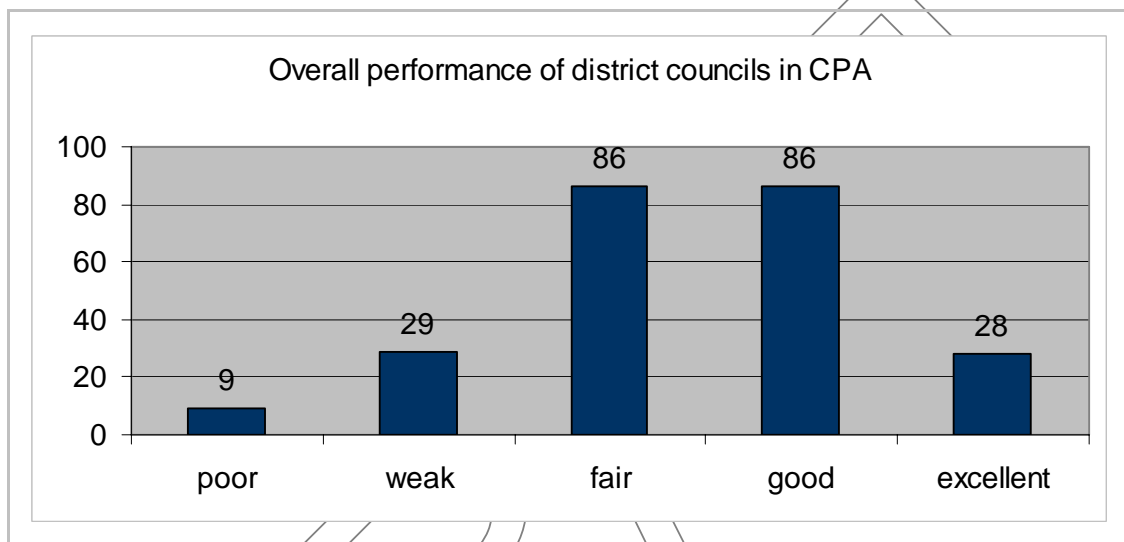
- 6 Review and update the action plan for Use of Resources and ensure that existing processes continue to work well.

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## How is Salisbury Council performing?

- 7 Salisbury 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**



[Note: The relevant chart will be added by the Publishing Team based on the information given in paragraph 5. There is no need for authors to add the chart themselves]

Source: Audit Commission

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

- 8 The Council has seven political priorities and four supporting organisational themes. The seven political priorities are: creating more affordable housing; maintaining council housing to a high standard; reducing household waste and improving recycling; making the district safer and reducing the fear of crime; reducing traffic congestion and improving public transport; improving services for customers; and creating better places to live. The organisational themes are meeting the financial challenge and building an efficient future; improving the performance of the council; partnership working and community engagement; and building the capacity of the organisation. Progress made against these priorities is monitored internally on a regular basis and reported to the public annually in the Corporate Plan and other mechanisms such as the annual council tax leaflet. The progress made in each of these priorities is outlined below.

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

- 9 The Council offers good value for money and comparatively low levels of council tax. Overall spending per head of population and average band D council tax are both in the lowest quartile. Overall costs for key services compared to other similar councils are good and the Council has produced and is delivering on its annual efficiency plan. 38 per cent of the Council's performance indicators are in the top 25 per cent, well above the average for all district councils demonstrating the Council generally offers good quality services for low cost.
- 10 The Council's rate of improvement is marginally below average compared to other district councils, as measured by the proportion of improving performance indicators that are used to assess direction of travel. 53 per cent of these selected indicators improved over the period compared to an average of 58 per cent for all districts.
- 11 The Council's progress in achieving its own targets is good. By the third quarter of 2006/07, 72 per cent of the Council's strategic set of indicators were meeting targets.

### Creating more affordable housing

- 12 The Council delivered 242 affordable homes between 2003 and 2006 and plans to build 560 more in 2006-10. By 2008/09, the Council plans to build 428 homes. Delays due to the planning process mean that the Council is not yet meeting its targets. During 2005/06, 58 affordable homes were delivered and a further 33 by the third quarter of 2006/07. New sites with the potential for 57 units of affordable housing are being considered and 2 schemes have received planning permission for 14 units of affordable housing.
- 13 The numbers of families in bed and breakfast accommodation is improving. The average number of weeks improved from 11 to 2 and was in the best 25 per cent of councils at 2005/06. Since the year end, the average has increased to 8 weeks, partly due to changes in reporting.

### **Maintaining council housing to a high standard**

- 14 The Council maintains its housing stock to a high standard. The percentage of non decent homes improved from 14 to 2 per cent and performance remains in the best 25 per cent of councils.
- 15 The Council consulted tenants for their views on whether their homes should be transferred to a housing association. Tenants decided against this option and the Council is now producing a new business plan to decide how to proceed following this decision.

### **Reducing household waste and improving recycling**

- 16 The amount of waste collection and the amount of waste composted are improving. Recycling rates have been steadily improving from 16.1 per cent in 2002/03 to 18.7 per cent in 2004/05 to 20.9 per cent in 2005/06. However performance compared to other councils deteriorated in the same period from above average in 2002-2004 to worst 25 per cent in 2005/06. The Council was well short of Government targets of 30 per cent by 2005/06.
- 17 The Council has continued to improve its recycling rates since the year end and has plans in place to further improve performance through the introduction of a new waste scheme in November 2007.

### **Making the district safer and reducing fear of crime**

- 18 Crime levels are low. The numbers of burglaries, robberies and theft of motor vehicles are in the best 25 per cent and improving. However the numbers of violent crime and sexual offences have increased significantly since 2004/05. Although numbers are relatively low, violent crime increased by 20 per cent and sexual offences by 50 per cent. This was worse than the national average percentage change.
- 19 The numbers of homelessness cases prevented were below the Council's target due to a lower number of people presenting as homeless.

### **Reducing traffic congestion and improving public transport**

- 20 The pressure of traffic on the city of Salisbury has been a long standing concern. The Council has opened three park and ride sites to persuade more people to leave their cars outside the city. Usage of the sites is currently ahead of the Council's own targets. It has also improved bus services with real time bus passenger information and introduced better routes for walkers and cyclists.
- 21 Of the Council's own performance indicators, less than half of transport and environment indicators were showing improvement at the end of the third quarter 2006/07.



## **Improving services for our customers**

- 22 Customer service is improving. The time taken to process new housing benefit claims and change of circumstances has improved. The quality of planning decisions is good. The time taken to process minor applications improved significantly from worst to best 25 per cent performance when compared nationally. The time to process major applications deteriorated slightly. The time to process other applications improved but other councils are improving faster. This means that performance is declining compared to others. The majority of performance in planning and economic development is improving according to the Council's most recent monitoring reports.
- 23 Resolving service enquiries at the first point of contact through the Customer Services team has improved to 100 per cent in some service areas. Disability access to buildings is poor with only 17 per cent of buildings accessible to disabled people. The office centralisation project aims to make buildings accessible and compliant with the Disability Discrimination Act by the end of 2008.
- 24 There were some areas of under performance. Only 53 per cent of land searches were turned around in 10 days, compared to the Council's target of 100 per cent. 74 per cent of Rent Allowances were made on time against a target of 90 per cent. Planning enforcement visits were not made on time because of staffing problems. The Council is closely monitoring these areas of under performance and taking action.
- 25 The number of complaints and the time taken to respond to them has risen significantly. The Council has recently introduced a new complaints system and is monitoring complaints and compliments on a quarterly basis in order to deal with them more promptly and effectively.

## **Creating better places to live**

- 26 The Council plans to increase the prosperity and success of the district and maintain a high quality environment. Planning decisions are high quality and performance on appeals is good. Design guides are helping to ensure future developments are in keeping with the local environment. The Council is monitoring and reviewing the quality of outcomes through regular interaction with stakeholders.

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

- 27 The Council has good plans to improve. The office centralisation project seeks to improve the quality of customer service and provide better access. The Council closely monitors performance of its strategic indicators and identifies actions where performance is not meeting targets. By the end of the third quarter in 2006/07, 62 per cent of the Council's indicators were meeting targets. Levels of sickness absence have improved significantly and are well above the top quartile, increasing the capacity of the organisation to deliver its priorities.

- 28 The Council faces some major financial challenges. It needs to decide how to continue delivering high standards of council housing following tenants' decision not to transfer to a housing association, or make difficult decisions about what will stop. Having brought leisure services back in house and decided that a stand alone trust option was not viable, it also faces challenges in how to deliver high quality leisure services. The Council is now considering alternative methods of delivery such as joint leisure trusts with neighbouring councils. Financial performance is strong and the Council is exceeding efficiency gains set by the Government.

## Service inspections

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

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## Financial management and value for money

**30** Your appointed auditor has reported separately to the Audit Committee, as those charged with governance (TCWG), 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.

**31** 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).

**32** 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

**33** 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**

<b>Element</b>	<b>Assessment</b>
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)*

- 34 Salisbury's overall score was 3 out of 4 'performing well'. The Council has strengthened its policies and procedures in some areas since our previous assessment and is now assessed as performing well in all areas. Work is ongoing to ensure that these arrangements continue to be firmly embedded in the day to day workings of the Council.
- 35 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. Improvements were made to the report accompanying the accounts to highlight key issues for Members. The Council is keen to promoting external accountability in its financial reporting and is reviewing ways to improve this.
  - Financial management - a robust corporate planning and budget setting process remains in place to inform the Medium Term Financial Strategy (MTFS) and Corporate Plan. The Capital Strategy and Asset Management Plan are also reviewed and updated to inform the MTFS. Arrangements for monitoring performance against budgets remain strong.
  - Financial standing - the level of reserves and balances continue to be reviewed as part of the corporate planning and budget setting process and is supported by a risk assessment. Spending has consistently been maintained within overall budgets and reserves and balances have been maintained in line with the levels set and approved by Members. Whilst currently the levels remain satisfactory the Council faces significant financial challenges in the medium term.

- Internal control - governance arrangements remain sound and have been strengthened during 2006. The Risk Management Policy has been reviewed and updated and risks relating to significant partnerships have been considered, and actions required identified. The assurance framework is being reviewed, in line with the latest guidance, and improvements are being made to the statements of assurance provided by service heads. The Council is developing and implementing a new training and development programme for all Members.
  - Value for money - the Council continues to offer good value for money and comparatively low levels of council tax. Overall costs for key services compared to other similar councils are good and the Council has produced and is delivering on its annual efficiency plan. 38 per cent of the Council's performance indicators are in the top 25 per cent.
- 36 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

- 37 We issued a report on the Council's Best Value Performance Plan (BVPP) for 2006-7 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.

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 action is continuing to further develop its arrangements. 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.

## Conclusion

- 38 This letter has been discussed and agreed with your Management Team. A copy of the letter will be presented at the Audit Committee on 4 April 2007.
- 39 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

- 40 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

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Use of Resources

Date

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# **Use of Resources Auditor Judgements 2006**

**Salisbury DC**

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Author Peter Brown

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## Introduction

- 1 The 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.
- 2 This is the second year of carrying out the assessment and our work has focused on building on our previous year's work and updating it for any changes and improvements to the Council's arrangements.
- 3 Judgements were made for each theme on the following scale which has been standardised by the Audit Commission across inspection and performance assessment frameworks.

**Table 1 Standard scale used for assessments and inspections**

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

- 4 In forming our assessment, we followed the methodology set out in the Use of Resources Guidance for Councils, 2006 assessment. In particular, in order to support scores of 3 and above, we need to consider whether relevant arrangements are 'embedded' that is, they have been operating consistently with clear outputs and having an impact. For scores of 4 (performing strongly) we are required to consider whether, in addition to meeting the descriptors/criteria, councils can demonstrate innovation or best practice that can be shared with other authorities. The descriptors/criteria at level 4 have been kept to a minimum so as to avoid them becoming unnecessarily prescriptive and limiting.
- 5 In relation to future assessments, as outlined in the CPA framework documents for 2006 for district councils, the status of a number of criteria will change to 'must have status'. For information, these criteria have been summarised at Appendix 1. In order for the Council to sustain or to improve upon its current performance at the next assessment, it will need to take these criteria into consideration.
- 6 The overall score for Use of Resources assessment was reported to the Council by the Audit Commission on 15 March 2007. Salisbury scored 3 out of 4 'performing well'. The Council has improved its arrangements since the previous assessment and is now performing well in all areas.

- 7 The five theme scores for Salisbury are outlined overleaf. This summary sets out our key findings in relation to each theme and key areas for improvement.

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## Use of resources judgements

**Table 2 Summary of scores at theme and KLOE level**

<b>Key lines of enquiry (KLOEs)</b>	<b>Score 2006</b>	<b>Score 2005</b>
<b>Financial reporting</b>	<b>3</b>	<b>2</b>
1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	3	2
1.2 The Council promotes external accountability.	3	2
<b>Financial management</b>	<b>3</b>	<b>3</b>
2.1 The Council's medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities.	3	3
2.2 The Council manages performance against budgets.	3	3
2.3 The Council manages its asset base.	3	3
<b>Financial standing</b>	<b>3</b>	<b>2</b>
3.1 The Council manages its spending within the available resources.	3	2
<b>Internal control</b>	<b>3</b>	<b>3</b>
4.1 The Council manages its significant business risks.	3	2
4.2 The Council has arrangements in place to maintain a sound system of internal control.	3	3
4.3 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	3	3
<b>Value for money</b>	<b>3</b>	<b>3</b>
5.1 The Council currently achieves good value for money.	3	3
5.2 The Council manages and improves value for money.	3	3

## Theme summaries

- 8 The key findings and conclusions for each of the five themes are summarised in Table 3.

**Table 3 Summary of findings and conclusions by theme**

<h3>Financial reporting</h3> <p><b>Theme score 3</b></p>	
<p><b>Key findings and conclusions</b></p> <p>The Council continues to produce its accounts, supported by good working papers, in line with statutory deadlines. There were no material amendments and an unqualified opinion was issued. Improvements were made to the report accompanying the accounts to provide interpretation of the accounts and highlight key issues for the attention of Members. The Council is keen to continue to promote openness and accountability in its financial reporting, and produce information that is readable and understandable. Summary accounts were produced for 2005-6, and consulted on, and the Council is considering how these can be improved, or the information consolidated in other publications, such as the Salisbury Citizen.</p>	
<p><b>Improvement opportunities</b></p>	
<p>KLOE 1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.</p>	<p>Ensure that all relevant working papers are available at the start of the audit, including those relating to 'whole of government accounts' (Level 3). Minimise 'non-trivial' amendments to the accounts (Level 3).</p>
<p>KLOE 1.2 The Council promotes external accountability.</p>	<p>Demonstrate Council considering the views of a range of stakeholders in making its decision whether to publish an 'annual report' (Level 3). Publish 'annual report' or similar document, which includes the summary accounts and an explanation of key financial information/technical terms, designed to be understandable and informative to members of the public and available in a wide variety of formats in order to meet local user needs (Level 4).</p>

<h2 style="margin: 0;">Financial management</h2> <p style="margin: 0;"><b>Theme score 3</b></p>	
<p><b>Key findings and conclusions</b></p> <p>The Council continues to have a good record of sound financial management. The Medium Term Financial Strategy (MTFS) is clearly linked to the Council's aims and priorities and is regularly updated, along with the Asset Management Plan and Capital Strategy. A robust corporate planning and budget setting process remains in place to inform the Corporate Plan and MTFS. Day to day arrangements for monitoring performance against budgets remain strong and there is regular reporting to Members. Work is continuing to ensure that arrangements for monitoring and reporting on significant partnerships are adequately reflected in key documents.</p>	
<p><b>Improvement opportunities</b></p>	
<p>KLOE 2.1 The Council's medium-term financial strategy (MTFS), budgets and capital programme are soundly based and designed to deliver its strategic priorities.</p>	<p>Further develop the MTFS to describe in financial terms joint plans agreed with partners and other stakeholders (Level 4).</p> <p>Continue to embed the process for ensuring robust 3 year projections for balances and resources in the MTFS (Level 4).</p>
<p>KLOE 2.2 The Council manages performance against budgets.</p>	<p>Continue the work to review and develop the reporting of financial performance of partnerships (Level 2).</p> <p>Review the effectiveness and leadership with regard to financial management, using the CIPFA model, and take appropriate action to address any areas of weakness (Level 4).</p> <p>Provide accrued financial monitoring reports at appropriate key points during the year (Level 4).</p>
<p>KLOE 2.3 The Council manages its asset base.</p>	<p>Continue work to demonstrate that performance measures and benchmarking are being used to evaluate how the Council's asset base contributes to the achievement of corporate and service objectives, including improvement priorities. Results are communicated to stakeholders (Level 4).</p>

## Financial standing

Theme score 3

### Key findings and conclusions

The Council continues to manage its spending within overall budgets and has good arrangements in place to monitor its financial position. The level of reserves and balances continues to be reviewed as part of the corporate planning and budget setting process and is supported by a risk assessment. Since our last review the nature and level of balances and reserves has been clarified in key documents approved by Members. Whilst reserves and balances have been maintained in line with the levels approved by Members, the Council continues to face significant challenges in the medium term.

### Improvement opportunities

KLOE 3.1 The Council manages its spending within the available resources.

Demonstrate that Members monitor key financial health indicators and set challenging targets e.g. for income collection, levels of variance from the budget and capital programme management, and that there is a good track record of achieving these targets (Level 4).

Where balances are in excess of the Council's targets the benefits and opportunity costs of maintaining these levels should be reported (Level 4).

<b>Internal control</b>	
<b>Theme score 3</b>	
<b>Key findings and conclusions</b>	
<p>The Council has good governance arrangements in place and work is ongoing to ensure that they remain sound. Risk management arrangements have been further developed during 2006. The Risk Management Policy has been updated, risk registers have been updated as part of the corporate business planning process and the Audit Committee has received regular reports on a range of risk issues. Risk management awareness training has been given for Audit Committee Members and appropriate officers, and is being considered as part of a general programme of training and development for all Members. The Risk Management Group has reviewed all partnerships and identified those that are significant. Separate risk registers have been drawn up and risks have been assessed and actions required identified.</p> <p>The assurance framework is currently being reviewed, in line with the latest guidance, and improvements are being made to the statements of assurance provided by service heads. The Audit Committee continues to have a key role in monitoring arrangements and the Council is developing and implementing a new training and development programme for all Members.</p>	
<b>Improvement opportunities</b>	
<p>KLOE 4.1 The Council manages its significant business risks.</p>	<p>Ensure arrangements remain embedded, particularly risk management awareness training for appropriate Members and officers (include in training and development programme for Members) (Level 3).</p> <p>Appoint member champion for risk management, and link to risk management group (Level 4).</p> <p>Consider positive risks (opportunities) in risk assessment (Level 4).</p>
<p>KLOE 4.2 The Council has arrangements in place to maintain a sound system of internal control.</p>	<p>Continue work to ensure that a business continuity plan is in place and regularly reviewed (Level 2).</p> <p>Continue work to demonstrate governance arrangements are in place for all significant partnerships and are regularly reviewed and updated (Level 2).</p> <p>There should be specific references to partnership working in standing</p>



<p><b>Internal control</b></p> <p><b>Theme score 3</b></p>	
	<p>orders, financial regulations and scheme of delegation (Level 4).</p>
<p>KLOE 4.3 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.</p>	<p>Implement new training and development programme for Members (Level 3).</p> <p>Demonstrate that Members, officers and agents exhibit high standards of personal conduct (Level 4).</p>

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<b>Value for money</b>	
<b>Theme score 3</b>	
<b>Key findings and conclusions</b>	
<p>The Council currently achieves good value for money. Salisbury is a relatively low spending council compared to others and performance is generally high in priority services. Spending per head is in the lowest 25 per cent and average Band D council tax continues to be in the lowest 25 per cent. Areas of high spend such as tourism is in line with the Council's priorities. Satisfaction with individual services is generally high, such as with public space, museums and arts. Plans are in place to improve customer service through centralised offices, customer contact centre and electronic service delivery. The Council has improved the way it monitors progress on delivering projects against targets through quarterly updates.</p> <p>There is clear and reliable information available on costs and how these compare to others. The Council benchmarks its performance against others and investigates where performance or costs are not in line with expectations and produces an action plan for Cabinet. It considers short and long term costs, and takes account of these when making decisions. The Council is improving its processes and systems to ensure equity in access to services but does not yet have the information to demonstrate that it is delivering equitable services to all. There is a strong track record of managing costs alongside quality and responding to local needs. Efficiency targets are set and applied to improve value for money and the Council has exceeded its own and Government targets.</p>	
<b>Improvement opportunities</b>	
KLOE 5.1 The Council currently achieves good value for money.	<p>Improve performance in recycling, numbers of affordable homes and land searches.</p> <p>Improve satisfaction with sports and leisure.</p>
KLOE 5.2 The Council manages and improves value for money.	<p>Develop systems to demonstrate the Council is delivering good quality and equitable services to all.</p> <p>Ensure personal targets and job appraisals take account of value for money.</p> <p>Consistently assess the impact of procurement decisions across the Council.</p>

## Appendix 1 – Criteria which will gain 'must have' status for the next assessment

### New criteria in bold type ('must have') for 2006/07 assessment

- 1 This table summarises criteria that are currently included in the KLOE but are not in bold type and do not have 'must have' status, but which will have such status for the 2006/07 assessment.

KLOE	Summary of criteria
<b>Financial reporting</b>	
1.1	Requests for information from audit are dealt with promptly (Level 3).
1.2	Summary financial information that meet the needs of a range of stakeholders is published (Level 3).
<b>Financial management</b>	
2.1	There are arrangements for monitoring cash flow (Level 2).
2.1	The medium-term financial strategy is communicated to staff and stakeholders (Level 3).
2.2	Profiled financial monitoring reports are produced within ten days of the month-end (Level 3).
2.2	The financial performance of significant partnerships is reviewed (Level 2).
2.2	There is a training programme in place for members and staff on financial issues (Level 3).
2.3	A member has been allocated portfolio responsibility for asset management and local performance measures in relation to assets have been developed (Level 3).
<b>Financial standing</b>	
3.1	Collection and recovery of material categories of income is monitored (Level 2).

**14 Use of Resources Auditor Judgements 2006 | Appendix 1 – Criteria which will gain 'must have' status for the next assessment**

<b>KLOE</b>	<b>Summary of criteria</b>
<b>Internal control</b>	
4.1	Appropriate staff are trained in risk management (Level 3).
4.2	Business continuity plan in place and reviewed on a regular basis (Level 2)
4.2	Governance arrangements are in place for significant partnerships (Level 2)
4.2	Standing orders, standing financial instructions and system procedure notes are reviewed and updated as appropriate (Level 2).
4.3	The Council is proactive in raising standards of ethical conduct among members and staff and can demonstrate that counter fraud and corruption work is adequately resourced (Level 3).

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