

Annual Audit and Inspection Letter

March 2007



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Bracknell Forest Borough 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.

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

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

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

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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, from inspections and other work that have been undertaken in the last year, and from a wider analysis of the Council's performance and its improvement over the last year, as measured through the Comprehensive Performance Assessment (CPA) framework.
- 2 The report is addressed to the Council, and in particular has been written for councillors; but it is available as a public document for stakeholders, including members of the community served by the Council.
- 3 The main messages for the Council included in this report are as follows.
 - While the Council remains a 3 star council, its improvement is now assessed as being less strong (improving adequately) than it was assessed last year (improving well).
 - The Council is generally improving services, with many improving well. It continues to achieve good overall customer satisfaction and provides good overall value for money, but its track record is mixed.
 - There are important areas where the Council will need to focus improvement efforts. Three are of particular concern: adults' social care, housing-related services for vulnerable people, and the operational leadership of these two services (the last of which has recently been dealt with). In addition, there is one other area of acknowledged weakness: community safety.
 - In addition, the Council will need to focus effort on progressing housing issues, and on agreeing updated medium-term ambitions and re-aligning the medium-term financial strategy.

Action needed by the Council

- 4 The CPA and Direction of Travel assessments summarise the Council's overall performance during the past year. They take account of all the findings and recommendations made by the Commission, your appointed auditor KPMG LLP and other inspectorates to the Council as part of individual audit and inspection reports, issued separately during the year.
- 5 Based on this work, we consider that councillors need to ensure that appropriate focus and priority are given to five areas.
- 6 First, the Council needs to focus and sustain effort to address three areas of acknowledged weaknesses:
 - adults' social care – in particular, completing an effective commissioning strategy for older people and associated purchasing plans, and ensuring a fully effective approach to performance management;

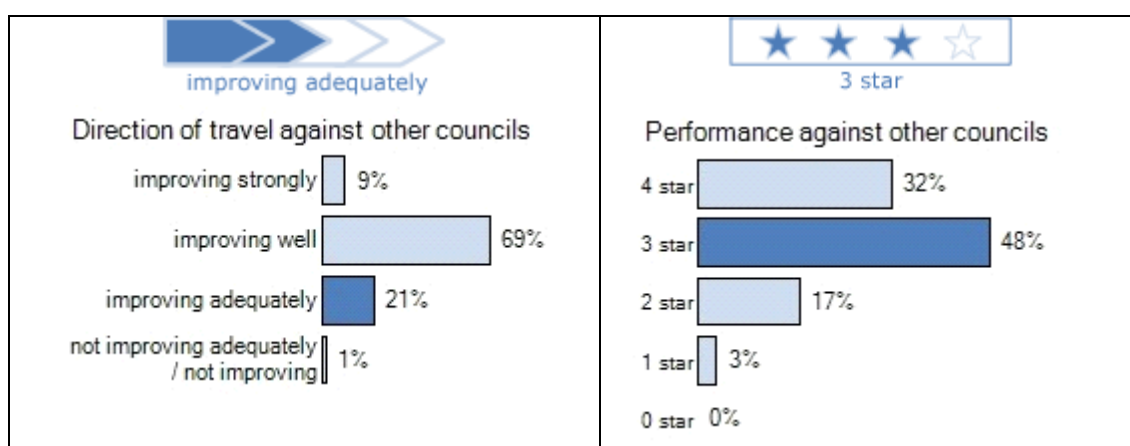
- supporting people care – in particular, strengthening the business plan and improving managerial capacity to focus on the priorities which the Council is seeking to address in terms of outcomes against its strategic priorities; and
 - community safety – in particular, providing improved strategic leadership and performance management.
- 7 So far as adults' social services is concerned, the two previous years' letters have noted that the Council has made considerable investments in delivering its plan to promote independence of adults and older people, and put in place good structures to support the delivery of improved performance. However, there still remains some way to go before performance management systems are sufficiently embedded throughout the service. Government has identified the Council's rate of improvement as a matter of concern. The challenge for the Council is therefore ensuring that recent improvement continues in a sustainable way, and especially accelerating the pace of improvement and modernisation. Completing an effective commissioning strategy for older people, and further advancing the approach to performance management, will be key to improvement.
- 8 In relation to the supporting people service, improvement over the past two years has been limited. The Council agreed a business plan to address the recommendations of the Commission's 2005 inspection, but this does not make clear the priorities which the Council is seeking to address in terms of outcomes against its strategic priorities. The Council acknowledges that the Supporting People agenda is not progressing as well as it should be, and that it needs to re-focus its approach to tackle the right issues in the right way. It is planning significant management changes in early 2007, and has increased money in next year's budget, to address these concerns. Given that this service is aimed at meeting the needs of the most vulnerable members of the community, and progress has been limited despite the need for it being highlighted in the last two year's letters, the need for urgent improvement is a significant issue.
- 9 The third weak area where the Council, with its partners, needs to improve performance is community safety. Although overall crime rates are generally low in Bracknell Forest, crime increased between 2004/05 and 2005/06, and continued to do so over the early part of 2006, and it is unclear from the most recent data whether the position is improving. The Crime Reduction Partnership is not as effective as necessary. The Council is taking steps to address these issues, and believes it is now on target to reduce the increase in crime rates by the end of the year, from which it can work towards achieving its target of a 2.6 per cent reduction by the end of 2007/08. Achieving this presents a key challenge, and will require sustained effort over the next year or so.
- 10 The Council will also need to focus considerable effort and attention on housing issues over the next year – in particular, ensuring continued focus on project and performance management to improve service delivery while at the same time developing robust new arrangements for the service. In relation to housing management performance, the improvement over the past year is encouraging. But much remains to be done to ensure the service delivers the standards that tenants have a right to expect.

- 11 How such improvements are to be delivered will depend partly on whether the service is transferred to a social housing provider or remains in-house. As noted in previous letters, if the service is not transferred, the Council will face considerable financial difficulties which will make it extremely difficult (at best) to meet the Decent Homes Standard by 2010, and then maintain that standard. But whatever the outcome of the tenants' ballot on housing stock transfer, the Council will have to ensure continued improvement during any transition period; and it will need to put in place robust arrangements to ensure longer-term quality of service and delivery of its strategic housing role.
- 12 Finally, the Council needs to agree clear updated medium-term ambitions and priorities that build on the broad priorities in the Community Plan, and to re-align the medium-term financial strategy as necessary to ensure the resources are available to deliver them. The Council is well aware that the recent acute financial pressures it has faced will continue, so that agreeing future priorities will require it urgently to resolve some difficult choices. Bearing in mind that this process will take place after the election of a new Council, it also needs to ensure that effective transitional plans are in place until the updated plans are adopted.

How is Bracknell Forest Borough Council performing?

- 13 The Audit Commission's overall judgement is that Bracknell Forest Borough Council is improving adequately, 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 results shown in Table 1.

Table 1 Direction of Travel and CPA, February 2007



Source: Audit Commission

- 14 Our overall assessment is summarised as follows. Bracknell Forest Borough Council is improving adequately and is a three star council.
- 15 The Council is generally improving services, with many improving well. It continues to achieve good overall customer satisfaction and provides good overall value for money, but its track record is mixed. Education and children's services generally are improving well. Recycling rates have greatly improved, and housing management has improved. The Council provides good community leadership, and works well with its partners. It has made good community improvements such as health, road safety and street scene, which are increasingly visible to local people.
- 16 However, three areas of concern remain: adults' social care, housing-related services for vulnerable people, and the operational leadership of these two services. The Council has now dealt with the leadership issue and has the corporate ability to support future improvement. It is making good progress on its plans to sustain improvement and is well-advanced in reviewing its workforce to deliver them, but some are not robust enough. Firm plans are now in place to regenerate Bracknell town centre. The Council's medium-term financial strategy reflects the key improvement priorities.

Our overall assessment - the CPA scorecard

Table 2

Element	Assessment	
	2005	2006
Direction of Travel judgement	Improving well	Improving adequately
Overall	3 star	3 star
Current performance	out of 4	out of 4
Children and young people	3	3
Social care (adults)	2	2
Use of resources	3	3
Housing	1	2
Environment	2	3
Culture	3	2
Benefits	4	3
Corporate assessment/capacity to improve (based on assessment in 2004 - not reassessed in 2005 Or 2006)	4 out of 4	4 out of 4

(Note: 1 = lowest and, 4 = highest)

The improvement since last year - our Direction of Travel report

What evidence is there of the Council improving outcomes?

Overview

- 17 The Council is generally making improvements to services, and many have improved well, especially if latest (unaudited) data is used, and it is generally sustaining improvements made before. It has made important contributions to wider community outcomes which are increasingly visible to local people. But the overall rate of improvement is average when compared to all councils nationally (although well above average when compared to similar councils), and it is inconsistent or in some cases not improving as fast as other councils. While two CPA service scores have improved in 2006, two have deteriorated. The Council has not improved in all of its priority areas (for example in community safety and transport), and – excepting housing and education – there are relatively few examples of strong improvement. The Council continues to provide improved value for money.
- 18 Overall, 67 per cent of selected performance indicators have improved over the period since 2004/05 – average compared to other single tier councils. Some 29 per cent are in the best 25 per cent performance nationally, slightly better than the single tier council average of 28 per cent. Of those indicators where a quartile position is given, 23 are above average and 19 are below average. The picture for both relative performance and rate of improvement in 2005/06 is mixed across service areas and in terms of national/local shared priorities.
- 19 The Council continues to achieve good overall satisfaction. The recently published national survey shows that satisfaction with the Council overall, although having fallen from previous survey (from 60 to 56 per cent), remains in the best 25 per cent of councils. The proportion of people satisfied with how well the Council keeps them informed about services and benefits provided is also in the best 25 per cent. However, the position in relation to satisfaction with services is mixed. Of the 34 indicators that could be compared with 2003/04, 15 have improved, one is unchanged and 18 have got worse. Of the 36 indicators comparable with other councils, 10 are in the best 25 per cent of customer satisfaction, 13 are in the middle range and 12 are worst 25 per cent.

Children's services

- 20 The Council is making strong progress in children's services generally, and has attained a positive Annual Performance Assessment from the Office for Standards in Education (Ofsted) and the Commission for Social Care Inspection (CSCI). As a result, the Children's and Young People CPA score is '3' in 2006 – the same as in 2005 – but individual components have improved. Children's services therefore contribute well to the Council's objectives of 'promoting learning and training for all ages' and 'improving health and wellbeing'.

- 21 Education continues to perform well, with major improvements; and the Council's contribution to good performance is well-regarded by schools. Standards across Key Stages 1 to 3 are good and are consistently above the national average, and have mostly improved. Standards at KS 4 continue to improve – for example, the number of pupils achieving 5 or more A* - C GCSE grades increased for the third year in succession, from 54 to 60 per cent. However, standards for 16 to 19 year olds, though improving, are below the national average and require improvement.
- 22 The Council makes an excellent contribution to the *Every Child Matters* objective of children 'being healthy', and continues to provide good outcomes in terms of 'staying safe', 'enjoying and achieving', 'making a positive contribution' and 'achieving economic well-being'. Closer working with the Learning and Skills Council is underway to ensure effective and broad vocational opportunities.

Environment services

- 23 The Council has made good progress overall in environment services, particularly since summer 2006. The services make an effective contribution to achieving the Council's objectives of 'protecting and enhancing the environment', 'developing a town fit for the 21st Century' and 'providing decent and affordable housing', but progress on 'improving travel and transport', while substantial, is less advanced. The CPA Environment score improved to '3' in 2006, compared to 2 in 2005.
- 24 The Council met its statutory recycling/composting target for 2005/06, and its 27 per cent recycling rate for the year overall was improved on 2004/05 and in the best 25 per cent of councils nationally. The green waste collection and alternate weekly collection schemes launched in summer/autumn have further increased recycling rates to over 40 per cent and significantly reduced waste levels. The Council's new contract arrangements for street care focus on responding directly to 'local needs' and concerns about heavy littering, rather than standardised sweeping schedules. They have resulted in a much cleaner borough overall, which is reflected in improved levels of satisfaction relating to street care.
- 25 Planning continues to improve. Improvements in the past two years mean that from April 2006 the Council is no longer a planning standards authority. It has continued to improve, in terms of both absolute performance and relative to other councils. The Council's ability to deliver house building rates to meet Structure Plan and RPG 9 targets, including high proportions of affordable housing, has been hindered in the past year by the issues affecting sites near the Thames Basin Heaths Special Protection Area. The Council took a proactive approach to produce a mitigation strategy and agree it with English Nature, to ensure that it could progress affordable housing developments. It expects as a result that it should be able to release sites for building from next year.

- 26 The Council's performance in relation to transport is mixed. The condition of roads as measured by 2005/06 performance data is mixed – some (particularly primary roads) have improved well, but others are not good comparatively. Congestion has been managed, and the Council has met its target of restricting traffic growth below 14 per cent over the 10 year period 1996 - 2006 – an ambitious target given the high car ownership and poor public transport in the area. The Council has also made progress towards improving road safety, and recent improvements have given the Council confidence that it will achieve its stretched targets for casualty reduction for 2006/07. The Department for Transport assesses the Council's delivery of its *Local Transport Plan* (LTP)¹ over the past five years as 'satisfactory', and assesses its plans in LTP2 for the next five years as 'fair'.

Adults' social care

- 27 Overall the Council has made some sound and important improvement compared to last year, but indicators show mixed performance and many important concerns remain. CSCI have assessed the Council as 'serving some people well' with 'promising capacity to improve'. The Adults' Social Care CPA score in 2006 is '2', the same as in 2005. The overall lack of progress compared to other councils is a concern. However, the Council has now completed most of the actions arising from the CSCI report.
- 28 Particular improvements include better take-up of direct payments across all user groups; completing an analysis of older people's needs, which is vital for planning future services; an improved care management service focusing on delayed transfers of care, which has resulted in far fewer people for whom the Council has responsibility remaining in hospital; and completion of a review of charging policy.
- 29 However, some important weaknesses remain to be addressed. The Council does not have a consistent approach to engaging a more diverse range of older people and carers, although it has taken steps to address this, and needs to further involve stakeholders in improving services. Also, a performance management culture is still not fully embedded and needs progressing further, although this has improved. Adults' social care services are therefore not yet making a fully effective contribution to the Council's objective of 'improving health and well-being'.
- 30 As indicated in last year's letter, the challenge for the Council therefore remains the need to accelerate the pace of improvement and modernisation. Government has identified the Council's rate of improvement as a matter of concern, and has asked CSCI to monitor progress frequently and to report to the Minister as appropriate. The appointment of a new Director of Social Services and Housing is an important step forward in this respect. Completing an effective commissioning strategy for older people and associated purchasing plans, and further advancing the approach to performance management, will be key to improvement.

Housing

- 31 Last year we reported that the Council's housing and supporting people services were seriously under-performing, and not contributing well to its objectives of 'providing decent and affordable housing' and 'improving health and well-being'. The Council has taken steps to improve housing management in the past year and, as a result, the CPA Housing score is '2' in 2006, compared to '1' in 2005.
- 32 The Council has improved performance in 2005/06 for many key indicators (such as length of stay hostel accommodation), although some deteriorated slightly. The latest (unaudited) data shows continued improvement for most indicators.
- 33 The Council is making progress in reducing the proportion of non-decent homes, from 42 per cent in 2005/06 to 30 per cent at the end of 2006, using latest (unaudited) data. Improving its social housing stock to meet the Decent Homes Standard (DHS) is a key issue for the Council. In 2006 it took the important decision to seek to transfer its housing to a social landlord, and is currently preparing for a ballot of its tenants on this issue (to be held in March 2007). The outcome of this ballot will have significant implications for the Council's ability to meet the DHS by 2010, and its future approach to housing management. The Commission will be inspecting the Council's housing service in late 2007, which will enable a more detailed assessment of its effectiveness and prospects for improvement, and the results will be reported separately in early 2008.
- 34 Improvement of the Supporting People service over the past two years, following the Commission's inspection in 2005, has been limited. The Council agreed a business plan to address the report's recommendations, but this is very much focused on process changes. The Council acknowledges that the Supporting People agenda is not progressing as well as it should be, and that it needs to refocus its approach to tackle the right issues in the right way. It has made a number of recent improvements, is planning significant management changes in early 2007, and has increased money in next year's budget, to address these concerns.

Housing and council tax benefits

- 35 Last year's letter reported that the housing and council tax benefits had seen major improvement, having been the subject of focused effort to address under-performance that has been of concern for some years, and that the Benefit Fraud Inspectorate (BFI) rated the service in 2005 as 'excellent' (compared to 'fair' in 2002, 2003 and 2004). BFI have rated the service as 'good' in 2005. As a result, the CPA Benefits score is '3' in 2006, compared to '4' in 2005.
- 36 Performance on some indicators in 2005/06 slipped compared to 2004/05 as a result of problems associated with installing a new IT system to help the Council speed up the way it deals with benefits claims. However, the most recent data shows that these problems have now been largely overcome, and that performance has begun to recover to previous levels.

Cultural services

- 37 Last year we reported that the picture for cultural services was mixed. Overall performance including satisfaction was considerably higher for parks and open spaces and sports and leisure facilities than for the libraries service, which was comparatively expensive and had low use and low satisfaction. User satisfaction has improved, but this position remains broadly unchanged.
- 38 The 2006 national satisfaction survey results show that the three indicators comparable with the previous survey and directly applicable to the Council have all improved. Satisfaction with sports and leisure and with parks and open spaces is higher, and in top 25 per cent of councils. Satisfaction with libraries has improved to below average nationally, having previously been in the worst 25 per cent of councils, although 93 per cent of users are satisfied with the library service. The Council now meets 9 of the 10 national standards for libraries. It has also examined the reasons for its relatively high cost for the libraries service, which is due to central recharges, and understands its cost base fully.
- 39 However, on a range of other indicators – notably the number of active borrowers from libraries, and libraries stock level and stock turn – the Council is not performing as well other councils. As a result, the overall Cultural Services CPA score for 2006 is ‘2’, compared to ‘3’ in 2005¹.

Wider community outcomes and access to services

- 40 Last year we reported that the Council displays good community leadership through effective partnership working, supported by a strong local strategic partnership, and that the second Local Public Service Agreement (LPSA2) emphasised community safety and health issues that reflected local partnership priorities. The Council’s community leadership remains strong, and it continues generally to work effectively with its partners to improve wider community outcomes, including good progress in promoting health and wellbeing.
- 41 The Bracknell Forest Partnership has made good progress on delivering the actions set out in the *Sustainable Community Plan*, and has delivered a range of positive outcomes. These include securing anti-social behaviour orders and crack house closures, school awards through the EcoSchools programme, environment and cultural facilities improvements, and local neighbourhood actions resulting in improvements that matter to local people, such as action on litter and speeding.
- 42 The Council has also made important progress towards improving access and quality of service for all its community, based on the results of impact assessments for all services and developing effective mechanisms to engage with young people. However, the Council is not engaging effectively with all hard-to-reach groups, but it is aware of and taken steps to address the issue.

¹ The Council feels that some of the indicators now used to calculate the score do not reflect its actual performance, and considers that the lower score does not signify a real deterioration in services experienced by local people.

- 43 The Council recognises that the Crime Reduction Partnership has not been as effective as necessary. Although overall crime rates are generally low in Bracknell Forest, crime as measured by key community safety indicators increased from 2004/05 to 2005/06, and over the early part of 2006. In part, the percentage increase exaggerates the position because absolute levels of crime are low. However, it is unclear from the most recent data whether the position is improving. Incidences of burglary, common assault and criminal damage remain areas of concern, and overall levels of car-related crime are particularly worrying.
- 44 The Council and partners are taking steps to address these specific areas, and more generally to improve strategic leadership of the community safety agenda. The chair of the Crime Reduction Partnership will change in early 2007, and the Council plans to re-locate its community safety team into the Chief Executive's office to ensure a greater focus on performance management. The Council believes it is now on target to reduce the increase in crime rates by the end of the year, from which it can work towards achieving its target of a 2.6 per cent reduction by the end of 2007/08. Achieving this presents a key challenge, and will require sustained effort over the next year or so.

Value for money

- 45 The Council's appointed auditor, KPMG, has assessed its overall use of resources and value for money as good, the same as 2005, and considers that the Council is generally improving value for money.
- 46 It shows higher than average costs in respect of culture and central services, with housing and home office costs being at the median point; but its South East location and new town infrastructure make costs expensive compared to 'nearest neighbour' councils. Where spending is relatively high this is in line with the Council's priorities or external factors, and generally delivers improved and comparatively high quality services such as education, planning and transport.
- 47 Overall costs and unit costs for key services demonstrate best value compared to other councils providing similar levels and standards of services and allowing for the local context. The Council examines costs for all policy and operational decisions as part of the budget setting process, and develops clear business cases for large-scale projects which are linked back to its strategic objectives.
- 48 The Council continues to plan and deliver significant budget savings far in excess of those required by government targets. It has embedded the need for value for money.

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

Robustness of the Council's plans for improvement, and effectiveness of improvement planning

- 49 The Council continues to make good progress overall on its plans to sustain improvement, although it needs to resolve some issues, and overall corporate governance arrangements remain satisfactory.

- 50 Most of the Council's improvement plans – including those to help it manage and improve value for money – are robust, with good performance management and planning frameworks. For example, Ofsted/CSCI consider that the *Children and Young People's Plan* (CYPP) sets out a clear and appropriate agenda for the future that takes careful account of local needs. The Council is also generally effective at implementing its improvement plans, in terms of achieving its key objectives and milestones. But plans for supporting people need strengthening. The Council is also aware of the need to keep an eye on the progress of the *Older People's Plan*, although to date this is progressing well.
- 51 The Council has now put firm plans in place to regenerate Bracknell town centre, with planning permission issued in December 2006. This £750 million project is a key development which will give the local community new homes, shops and leisure facilities, and include major improvements to local transport systems.
- 52 As noted last year, the Council aligns its corporate, service and financial plans well to ensure that it directs resources to priority areas; and it has ensured that its medium-term objectives are linked to the aims and objectives of the *Community Strategy*. However, the Council recognises that a key task over the next twelve months or so, following the local government elections, is the need to update its priorities and to re-align as necessary the resources to deliver them.

Capacity to deliver improvement plans

- 53 As noted in last year's letter, the Corporate Assessment report in December 2004 concluded that the Council has 'excellent' corporate capacity to sustain future improvement, with high quality senior managers and executive councillors and staff who are committed and well-motivated. It also acknowledged that the Council has a strong performance culture and performance management framework. Last year's letter also raised no concerns about weaknesses in arrangements for securing continuous improvement or failures in corporate governance that would prevent improvement levels being sustained, and that needed to be addressed. These attributes remain the case.
- 54 The Council is well-advanced in reviewing its workforce to ensure the delivery of its plans in many service areas. It faces significant budget challenges but in the context of a robust medium-term financial strategy (although, as noted above, this will need rolling forward in the light of decisions later this year on future priorities). Councillor capacity has increased. The Council has also improved its capacity with external support in important areas, particularly through the successful conclusion of the Waste Private Finance Initiative contract.

- 55 But some key issues remain to be resolved in performance management and the deliverability of some of its plans. Last year we identified three major service areas where sustained effort was required to address acknowledged weaknesses: housing (both housing management and meeting the DHS), supporting people, and adults' social care. The Council has made not yet made sufficient progress to address these concerns. Housing management and adult social care have improved but not consistently or significantly when compared to other councils; and progress to address Supporting People inspection recommendations is limited. However, concerns over the operational leadership of these services and of community safety have now been resolved, providing the basis to enable the Council to move forward in a purposeful way.
- 56 The Council therefore needs to focus on three key issues. In relation to housing, the Council needs to address the implications of the housing stock transfer vote (if 'yes', ensuring a smooth transfer of stock and setting up effective new client management arrangements; and if 'no', resolving what this means in terms of resources to achieve DHS). With regard to the other areas of weakness identified last year, it needs to fully embed its performance management systems and culture throughout adult social care services, and it needs to improve managerial capacity to deliver effective use of the extra resources it is providing for Supporting People services.

Service inspections

- 57 The Commission has not undertaken any inspections at the Council during 2006.
- 58 An important aspect of the role of the Relationship Manager is to work with other inspectorates and regulators who report on the council's performance, including:
- Office for Standards in Education (Ofsted);
 - Commission for Social Care Inspection (CSCI);
 - Benefits Fraud Inspectorate (BFI);
 - Department for Communities and Local Government (DCLG);
 - Department for Education and Skills (DfES); and
 - Government Office for the South East (GOSE).
- 59 We share information and seek to provide 'joined up' regulation to the Council. During the last year the Council has received the following assessments from other inspectorates and regulators.
- Ofsted and CSCI: Annual Performance Assessment for Education and Children's Social Care Services (November 2006):
 - contribution of the Council's children's services in maintaining and improving outcomes for children and young people – '3' (good);
 - contribution of the Council's social care services in maintaining and improving outcomes for children and young people – '3' (good); and

- the Council's overall capacity to improve its services for children and young people – '3' (good).
- CSCI: Older People Services inspection report (May 2006), Annual Review of Performance for Adult Social Care (November 2006) and Annual Performance (Star) Rating for Social Services (December 2006):
 - service score for adults social care – '2' ('serving some people well' with 'promising capacity to improve') leading to an overall star rating of '1 star'.
- BFI: Comprehensive Performance Assessment Improvement Reporting (October 2006) – '3' (good).
- GOSE, on behalf of Department for Transport: Assessment of local transport plan (December 2006):
 - Delivery of *Local Transport Plan 1* (2000 to 2005) – 'satisfactory'; and
 - Plans for *Local Transport Plan 2* (2006 to 2011) – 'fair'.

Financial management and value for money

- 60 Your appointed auditor KPMG has reported separately to the Overview and Scrutiny Commission on the issues arising from the 2005/06 audit and has provided:
- an unqualified opinion on your accounts;
 - a conclusion on your value for money arrangements to say that these arrangements are adequate; and
 - a report on the *Best Value Performance Plan* confirming that the Plan has been audited.
- 61 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); and
 - value for money (including an assessment of how well the Council balances the costs and quality of its services).
- 62 For the purposes of the CPA your auditor has assessed the Council's arrangements for use of resources in these five areas as shown in Table 3.

Table 3 Use of Resources Assessment

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 and 4 = highest)

63 The key issues arising from the audit, as reflected in the above judgements where appropriate, are as follows.

- The Council has maintained good systems of internal financial control, and continued to operate in line with its medium-term financial strategy. As a result of its review of the controls in place, KPMG did not raise any recommendations further to those identified by Internal Audit (Interim Report, May 2006).
- The Council has maintained standards of control and process to ensure a level '3' rating was achieved. Comprehensive files of evidence to support the Use of Resources assessment were provided by officers.
- Further work is still required to demonstrate that the Council has updated and refined its risk management processes to meet all criteria within this Key Line of Enquiry. This work is currently in process, and KPMG have seen progress being made – for example, in their work with Internal Audit, where a full risk-based plan is being developed for 2007/08 onwards. A separate report of all Use of Resources findings has been presented to management.
- No issues were encountered in undertaking the accounts audit, with only two best practice recommendations being raised. These have already been reported to the Council in the *Report to Those Charged with Governance* (September 2006). No material adjustments were required to the accounts.
- KPMG's review of data quality identified some areas for improvement for the Council ahead of the 2007 assessment. These include identification of a corporate lead for data quality; development of a data quality strategy; and also introducing a programme of training for all relevant staff in respect of data quality, in line with the strategy. All of the auditor's detailed findings have been reported in a separate report on data quality (November 2006).
- No significant issues were identified in respect of the grant claim audit, with all claims being presented to the auditor ahead of the deadline.

Conclusion

- 64 This letter has been discussed and agreed with the Chief Executive. A copy of the letter was presented at the Executive meeting on 13 March 2007, and it will be presented at the Scrutiny Committee meeting on 7 June 2007.
- 65 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

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

Steven Shuttleworth

Relationship Manager

1 March 2007

(Final publication version: 28 March 2007)