

Annual Audit and Inspection Letter

March 2008



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Swindon Borough Council

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles.

- Auditors are appointed independently from the bodies being audited.
- The scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business.
- Auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998, the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports

This report provides an overall summary of the Audit Commission's assessment of the Council, drawing on audit, inspection and performance assessment work and is prepared by your Relationship Manager.

In this report, the Commission summarises findings and conclusions from the statutory audit, which have previously been reported to you by your appointed auditor. Appointed auditors act separately from the Commission and, in meeting their statutory responsibilities, are required to exercise their professional judgement independently of the Commission (and the audited body). The findings and conclusions therefore remain those of the appointed auditor and should be considered within the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission.

Reports prepared by appointed auditors are:

- prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission; and
- addressed to members or officers and prepared for the sole use of the audited body; no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

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Key messages

- 1 The Council continues to make strong progress. Services are improving at a faster rate than in most other councils and the Council has made significant progress against all of its annual priorities. Its rate of progress has therefore been assessed as 'improving strongly'. Its housing and benefits services are performing strongly, and social care services for adults are now performing well. It has maintained its rating as a two star council and is delivering clear improvements for local residents.
- 2 The Council continues to make improvements in the way it uses its financial resources. It has maintained its overall rating of 'performing well' in its annual use of resources assessment and demonstrated improvements particularly in financial management.
- 3 The Council continues to make improvements in its financial governance. Your auditor, Grant Thornton, issued unqualified audit opinions in 2006/07 on your financial statements, on the conclusion over your arrangements for ensuring value for money and on the best value performance plan.

Action needed by the Council

- 4 Members should:
 - maintain a focus on ensuring that the Council's services consistently demonstrate good value for money.

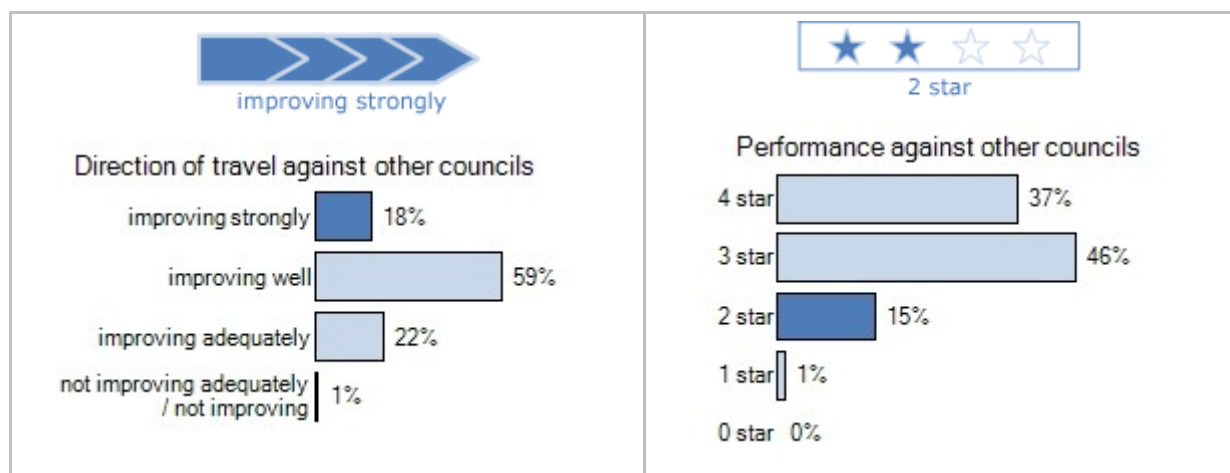
Purpose, responsibilities and scope

- 5 This report provides an overall summary of the Audit Commission's assessment of the Council. It draws on the most recent Comprehensive Performance Assessment (CPA), the findings and conclusions from the audit of the Council for 2006/07 and from any inspections undertaken since the last Annual Audit and Inspection Letter.
- 6 We have addressed this letter to members as it is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money. We have made recommendations to assist the Council in meeting its responsibilities.
- 7 This letter also communicates the significant issues to key external stakeholders, including members of the public. We will publish this letter on the Audit Commission website at www.audit-commission.gov.uk.
- 8 Your appointed auditor is responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, the auditor reviews and reports on:
 - the Council's accounts;
 - whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion); and
 - whether the Council's best value performance plan has been prepared and published in line with legislation and statutory guidance.
- 9 This letter includes the latest assessment on the Council's performance under the CPA framework, including our Direction of Travel report and the results of any inspections carried out by the Audit Commission under section 10 of the Local Government Act 1999. It summarises the key issues arising from the CPA and any such inspections. Inspection reports are issued in accordance with the Audit Commission's duty under section 13 of the 1999 Act.
- 10 We have listed the reports issued to the Council relating to 2006/07 audit and inspection work at the end of this letter.

How is Swindon Borough Council performing?

- 11 The Audit Commission’s overall judgement is that Swindon Borough Council is improving strongly and we have classified the Council as two stars in its current level of performance under the Comprehensive Performance Assessment. These assessments have been completed in all single tier and county councils with the following results.

Figure 1



Source: Audit Commission

- 12 The detailed assessment for Swindon Borough Council is as follows.

Our overall assessment - the CPA scorecard

Table 1 CPA scorecard

Element	Assessment
Direction of Travel judgement	Improving strongly
Overall	2 out of 4

Corporate assessment/capacity to improve	2 out of 4
Current performance	
Children and young people*	2 out of 4
Social care (adults)*	3 out of 4
Use of resources*	3 out of 4
Housing	4 out of 4
Environment	3 out of 4
Culture	2 out of 4
Benefits	4 out of 4

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

The improvement since last year - our Direction of Travel report

What evidence is there of the council improving outcomes?

- 13** Swindon Borough Council is improving strongly.
- 14** It is delivering clear improvements for local residents. Services are improving at a faster rate than in most other councils and the Council has made significant progress against all of its annual priorities. It has delivered most of its longer term 'Promises' due for completion in 2007/08, including establishing a youth forum and progress in regenerating the town centre and building the new library.
- 15** Vulnerable people receive substantially improved services. Benefits services are now excellent. Services to adults, such as people with learning disabilities supported into work are much improved. Housing performance remains strong. School results continue to improve particularly in primary schools. The town centre environment is improving, with graffiti and litter noticeably reduced. New waste services have been rolled out and recycling rates are high. Roads are safer. Effective partnership working with other public services, such as the Primary Care Trust and the police, is resulting in wider community outcomes such as improved health and less youth crime.
- 16** Strong procurement and service reviews are achieving better value for money. Delivery plans are resilient – the Council launched a new recycling service on time, despite the summer floods.

The Council's achievements against its priorities

- 17 The Council is making good progress in all its priority areas. Seventy-two per cent of national performance indicators improved in 2006/07, making it the 19th most improving Council across the selected range of indicators.
- 18 The Council has maintained or improved its scores in the external assessments of its priority services. The Council achieved a score of four (out of four) in both the assessments of benefits and housing services – these services are of particular importance to many of the most vulnerable people in Swindon. CSCI¹ said Social Care Services for Adults have improved and are now good with promising capacity for improvement. Ofsted² rated Services for Children and Young People as at least adequate, as last year, but said some services were good. Despite an increase in service assessment scores for adult social care and benefits the Council remains a two star council overall. This is because the assessment for children and young people's services remains at two in 2007, and the most recent corporate assessment score (from 2006) is two. These achievements mean that local residents can have confidence in their Council.
- 19 The Council describes its long-term priorities in its Corporate plan named 'Making Swindon the UK's Best Business Location'. It has committed to delivering 50 specific 'Promises' by 2010. Within this, the Annual Operating Plan identifies seven priorities for 2007/08.

Making Swindon the UK's Best Business Location

- 20 The Council is making good progress against this priority. A partnership with local business, Swindon Strategic Economic Partnership, is in place. The Council has secured outline planning permission for two major developments, and work has commenced on its town centrepiece - the library. The economic prospects for the area are stronger as a result.

Implement a new waste and kerbside recycling service

- 21 The Council is substantially improving its waste services. Between 2005/06 and 2006/07 the Council's recycling rate improved from 27.7 per cent to 32.1 per cent which compares with the best 25 per cent of councils nationally. The Council launched its kerbside recycling and new wheellie bin services in 2007. It invested in communicating the changes to residents to ensure residents accepted the new schemes and thereby achieved a 20 per cent reduction in landfill in the first three months of operation. An inspection of the Council's waste service by the Audit Commission in 2007 concluded that it had promising prospects for improvement.

¹ Commission for Social Care Inspection

² Office for Standards in Education, Children's Services and Skills

Re-focus Council resources around street scene and particular focus on reducing graffiti and anti- social behaviour

- 22 The town centre environment is improving. The Council is particularly proud of its achievements in reducing graffiti which included an innovative scheme, called 'Shop a Tagger' whereby local residents can report any incidents and enforcement action is taken. Fifteen prolific taggers have been arrested. Specific actions such as the issue of five anti social behaviour orders, five dispersal orders and closure of two crack houses have contributed to reducing crime. Effective partnership working with other public services is resulting in better community outcomes such as less youth crime.

Get closer to our communities through enhanced dialogue with neighbourhoods

- 23 The Council has focused on engaging hard to reach groups and supported a number of community events such as Swindon's first Refugee Week event which brought together various refugee and asylum seeker communities in a celebration of music, food and dance. It has made community grants available to run representative forums for a number of black and ethnic minorities groups. The Council has worked with young people and rolled out the neighbourhood wardens' service. It has ambitions to take the Council out to neighbourhoods to work more closely with them. Its 'Connecting People, Connecting Places' plans are at an advanced stage of development. Once adopted in Spring 2008, these plans are likely to be rolled out over an 18-month period.

Improve support for children and adults by pursuing a strategy of prevention and early intervention, delivered through closer integration with health, helping us to manage demand led budgets

- 24 Plans are in place for health and social care to work more closely to deliver better services to local people. Services for disabled children and young people are now integrated. The Council is also making good progress towards agreeing a section 75³ agreement with the Primary Care Trust for integrated service delivery for the breadth of children and young people services and is consulting about a similar arrangement for adult services. Achievements resulting from closer working between the Council and Primary Care Trust include better services for young and older people such as in intermediate care, focused services for those with long-term conditions and more access to drug treatment for young people. Local people have access to more integrated services because of this work.

³ National Health Services Act 2006 Section 75 Agreement allows for pooled budgets to support joint delivery of services

Securing a Community wide vision for Swindon's long-term future by developing a new Community Strategy

- 25 The new strategy for 2008-2030 has been widely consulted upon and is due for publication shortly. It builds upon Swindon's first community strategy published in May 2004. In consultation, the new Community Strategy included aspirations such as, 'Swindon as a leading regional centre offering high quality of life' and 'Swindon's young people are increasingly aiming high and achieving well'. This is a clear vision and statement of priorities for the future of Swindon which local residents and businesses can support.

As the biggest Swindon employer and Community Leader, the Council will look at its impact on climate change and pursue objectives around reducing our carbon foot print whilst encouraging other employers to do likewise

- 26 The Council has assessed its carbon footprint and is planning to reduce this. It has set a target to reduce its CO2 emissions by 20 per cent by 2010. It has run awareness sessions for staff encouraging them to switch off machines that are not in use. The Council sets an example and gets 85 per cent of its energy from renewable resources. The Council's commitment to a sustainable future is evident in these actions.

Drive value for money across all parts of the organisation with a heavy focus on business process re-engineering through partnership with Capita

- 27 The Council has made some notable improvements in value for money and several services are now rated as excellent. It is on track to deliver efficiency savings. It is generally a low tax/low spend Council with high spend areas in line with priorities.
- 28 The Council signed an agreement with Capita in February 2007. This is a fifteen-year agreement designed to improve front line services for customers and redesign the back office processes to improve efficiency. The Council has reorganised to form a new directorate focused on service redesign. Local people have already benefited in the creation of a 'one stop shop', Swindon Direct and contact centre. Because of the Council's focus on value for money, local residents receive better services and better value from their council taxes.

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

- 29 The Council is making strong progress and has delivered most of its longer-term 'Promises' due for completion in 2007/08. For example, it has opened seven new schools, included downloadable on-line forms on its improved website, and established a youth forum and sports council. In the main, the remaining 'Promises' are on track for delivery by the due date such as the railway museum use by youth services and streets for living. It has a clear vision and ambition for the area and is working with its partners to deliver more in its priority areas.

- 30 The Council's capacity to deliver better community outcomes is increased by the strong links it is building with its partners and plans for integration with the Primary Care Trust. The Council now has a number of joint posts with the Primary Care Trust and joint commissioning plans. It has further enhanced its capacity to deliver its improvement plans through its contract with Capita. The Council's improvement plans have involved some difficult decisions and include physical redevelopment of the town centre. Delivery plans are resilient – the Council launched its new recycling scheme on time, despite the main depot being flooded the weekend before, in the summer floods.
- 31 The Council has a strong platform on which to continue to improve the delivery of public services to local people and these are now delivering tangible results and a positive impact on the quality of life of local people.

Service inspections

- 32 An important aspect of the role of the Relationship Manager is to work with other inspectorates and regulators who also review and report on the Council's performance. Relationship Managers share information and seek to provide 'joined up' regulation to the Council. During the last year the Council has received assessments from other inspectorates including:
- Commission for Social Care Inspection (CSCI) Annual Performance Assessment of Adult Services;
 - OfSTED Annual Performance Assessment of services for Children and Young People; and
 - Benefit Fraud Inspectorate's (BFI) annual assessment of the Council's benefits service.
- 33 We have used these assessments as evidence to help arrive at the Council's overall CPA rating and to reach the Direction of Travel judgement. The assessments have been separately reported to the Council, and they are referred to in the Direction of Travel report where significant.
- 34 In addition the Commission carried out an inspection of the Waste management service in March 2007.

Waste management service

- 35 The Commission assessed the Council's waste management service as fair with promising prospects for improvement. The inspection preceded the implementation of the Council's new waste collection and recycling services in July 2007.

- 36 Inspectors found that the service was delivering some good outcomes. A low amount of household waste was collected from residents; high levels of recycling were being achieved; most residents had a free garden waste collection service; and the Council was restoring its closed landfill sites into beneficial use. While the street cleaning service's outcomes were around average, some good initiatives, such as the 'safe and clean' days, and the good response to graffiti, flyposting and abandoned vehicles were having an impact. Overall the service was providing residents with adequate value for money. However, the Council had not met some of its own targets for improvement, and the variability of the waste collection service at the time of our inspection had led to complaints and low levels of satisfaction. Heavy littering existed in many landscaped areas and the only household waste recycling centre did not present a good user experience.
- 37 Inspectors recognised the Council's well developed and resourced short term plans to reshape the service and meet the Council's promise to recycle 50 per cent of its waste by 2010. It has effective project and performance management which should ensure the delivery of the planned improvements and good strategic planning exists for future waste facilities in the Borough. The Council is working well with neighbouring councils to consider and plan for the future. But weaknesses in the future plans include a lack of clarity about the arrangements for meeting longer term landfill diversion targets that without the timely development of new arrangements may result in the Council facing significant fines. The Council has agreed actions to improve the value for money of the service, and to bring forward the development of its longer term plans.

The audit of the accounts and value for money

- 38** Your appointed auditor reported separately to the audit committee on 25 September 2007 on the issues arising from the 2006/07 audit and has issued:
- an audit report, providing an unqualified opinion on your accounts and a conclusion on your vfm arrangements to say that these arrangements are adequate; and
 - a report on the best value performance plan confirming that the Plan has been audited.

Use of Resources

- 39** The findings of the auditor are an important component of the CPA framework described above. In particular the Use of Resources score is derived from the assessments made by the auditor in the following areas.
- Financial reporting (including the preparation of the accounts of the Council and the way these are presented to the public).
 - Financial management (including how the financial management is integrated with strategy to support council priorities).
 - Financial standing (including the strength of the Council's financial position).
 - Internal control (including how effectively the Council maintains proper stewardship and control of its finances).
 - Value for money (including an assessment of how well the Council balances the costs and quality of its services).
- 40** For the purposes of the CPA your auditor has assessed the Council's arrangements for use of resources in these five areas as follows.

Table 2

Element	Assessment
Financial reporting	3 out of 4
Financial management	3 out of 4
Financial standing	3 out of 4
Internal control	3 out of 4
Value for money	2 out of 4
Overall assessment of the Audit Commission	3 out of 4

(Note: 1 = lowest, 4 = highest)

- 41 The Council's overall score for Use of Resources remained unchanged in 2007. The Council has continued to improve its arrangements in its use of resources. As a result, scores have improved in a further four key lines of enquiry since last year.
- 42 The main areas where performance has improved are as follows.
- The Council has undertaken an extensive strategic review of its budgets as part of the 2007/08 budget setting process, and has clearly demonstrated what steps they have taken to align financial resources to priority services and considered the impact of their delivery of objectives on investing or disinvesting in key services. Ongoing monitoring of operational and financial performance is well integrated and key activity data is used to determine financial risk areas within the budget.
 - Reports are now being produced for corporate board on the delivery of planned efficiency savings. These are prepared monthly between April and June both in 2006 and 2007, to reflect the outturns for the year and any further actions required.
 - Improvements are being made in financial training. Financial modules are now provided as part of member training and training is provided for budget managers on how to effectively deliver their responsibilities. Capital programme training was delivered to all project managers and sponsors in November 2006
 - The Standards Committee has undertaken ethical health checks and produces an Annual Report on its activities and outcomes from its work programme. In addition the Council issues quarterly fraud bulletins to staff, endorsed by members and senior officers. These bulletins publicise successful cases of proven fraud and corruption to raise awareness.
 - The Council has undertaken some benchmarking work, and areas of high spending have been identified and addressed. The improvement in performance in its performance indicators, and attention to reducing costs, has been sound and increasingly robust information has been developed on costs and how these compare to other councils over time.
- 43 Areas for improvement over the coming year include the following.
- Regularly reviewing financial performance of significant partnerships, linked to outputs, and the results shared with partners and acted upon. Whilst some evidence was available to support this through the delivery of the Council's Local Area Agreement, this was not consistently effective across other partnership arrangements within the Council.
 - The development of a set of local performance measures that evaluate asset use in relation to corporate objectives.
 - Firmly embedding risk management arrangements across the Council.
 - Clearly demonstrating that more of its services, and particularly its key services of education and social care, genuinely and comprehensively demonstrate best value.

Data quality

- 44** The Council's management arrangements for ensuring the quality of its data remained adequate. Auditors concluded that governance and leadership on data quality was good and that the Council has adequate systems and processes in place to secure the quality and accuracy of data. Adequate arrangements are in place to ensure that staff are clear about their responsibilities for achieving data quality and that data quality staff have the necessary skills. Good arrangements also exist to ensure that data supporting performance information is used to improve the delivery of services and that adequate controls are in place for data reporting. However the Council does not have a comprehensive set of data quality policies and procedures in place in all business areas.
- 45** Testing of six performance indicators (PIs) provided adequate assurance, for five of the indicators, that the Council's arrangements produced correctly stated results. One non BVPI, private sector dwellings vacant for more than six months, was qualified. This was due to a lack of evidence to substantiate the amount of properties reported as at 31 March 2007.
- 46** The Council has responded to the external auditors action plan issued in 2007 and implemented new arrangements. However some areas for improvement identified in 2006 remain to be implemented. The Council should now seek to ensure that areas for improvement, in the management arrangements and in the processes for ensuring the accuracy of all PIs, are actioned as soon as possible.

Additional services

- 47** The Commission has not undertaken any work under section 35 of the Local Government Act 1998 this year.

Looking ahead

- 48 The public service inspectorates are currently developing a new performance assessment framework, the Comprehensive Area Assessment (CAA). CAA will provide the first holistic independent assessment of the prospects for local areas and the quality of life for people living there. It will put the experience of citizens, people who use services and local tax payers at the centre of the new local assessment framework, with a particular focus on the needs of those whose circumstances make them vulnerable. It will recognise the importance of effective local partnership working, the enhanced role of Sustainable Communities Strategies and Local Area Agreements and the importance of councils in leading and shaping the communities they serve.
- 49 CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate annual area risk assessment and reporting performance on the new national indicator set, together with a joint inspectorate annual direction of travel assessment and an annual use of resources assessment. The auditors' use of resources judgements will therefore continue, but their scope will be widened to cover issues such as commissioning and the sustainable use of resources.
- 50 The first results of our work on CAA will be published in the autumn of 2009. This will include the performance data from 2008/09, the first year of the new Local Area Agreements.

Closing remarks

- 51 This letter has been discussed and agreed with senior officers. A copy of the letter will be presented at the cabinet on 12 March 2008. Copies need to be provided to all Council members.
- 52 Further detailed findings, conclusions and recommendations on the areas covered by audit and inspection work are included in the reports issued to the Council during the year.

Table 3 Reports issued

Report	Date of issue
Audit and inspection plan	March 2006
Annual Governance Report	September 2007
Opinion on financial statements	September 2007
Value for money conclusion	September 2007
Local Area Agreement Review	November 2007
Annual Grants report	January 2008
Waste Management Service Inspection Report	July 2007
Annual audit and inspection letter	March 2008

- 53 The Council has taken a positive and constructive approach to audit and inspection work, and I wish to thank the Council's staff for their support and cooperation during the audit.

Availability of this letter

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

Melanie Watson
Relationship Manager

March 2008