

# Annual Audit and Inspection Letter

Swindon Borough Council

Audit 2007/08

March 2009



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## Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any member or officer in their individual capacity; or
  - any third party.
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# Key messages

- 1 The Council continues to be a two star Council under the Audit Commission's Comprehensive Performance Assessment (CPA).
- 2 The Council is improving well under the Audit Commission's Direction of Travel Assessment. Strong leadership and effective partnerships continue to deliver improved outcomes.
- 3 The Council achieved a score of 3 (out of 4) for its use of resources underpinned by sound internal control and improving value for money and embedding of arrangements for financial reporting, risk management and asset management.
- 4 Data quality arrangements although adequate need to improve.
- 5 An unqualified opinion has been given on your accounts.
- 6 A conclusion on your VFM arrangements concluded that your arrangements are effective.

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## Action needed by the Council

- 7 The Council should obtain confirmation from management that it is:
  - continuing to develop Children's Services by maintaining focus in areas where performance can be significantly improved, such as Key Stage 3 and 4 school results, high teenage conception rates and getting more young people in to education, training or employment;
  - implementing the agreed improvements in respect of data quality arrangements;
  - responding to recommendations made in our Annual Governance report in relation to financial reporting (see paragraph 42); and
  - taking steps to ensure that staff complete grant claims in accordance with grant conditions.

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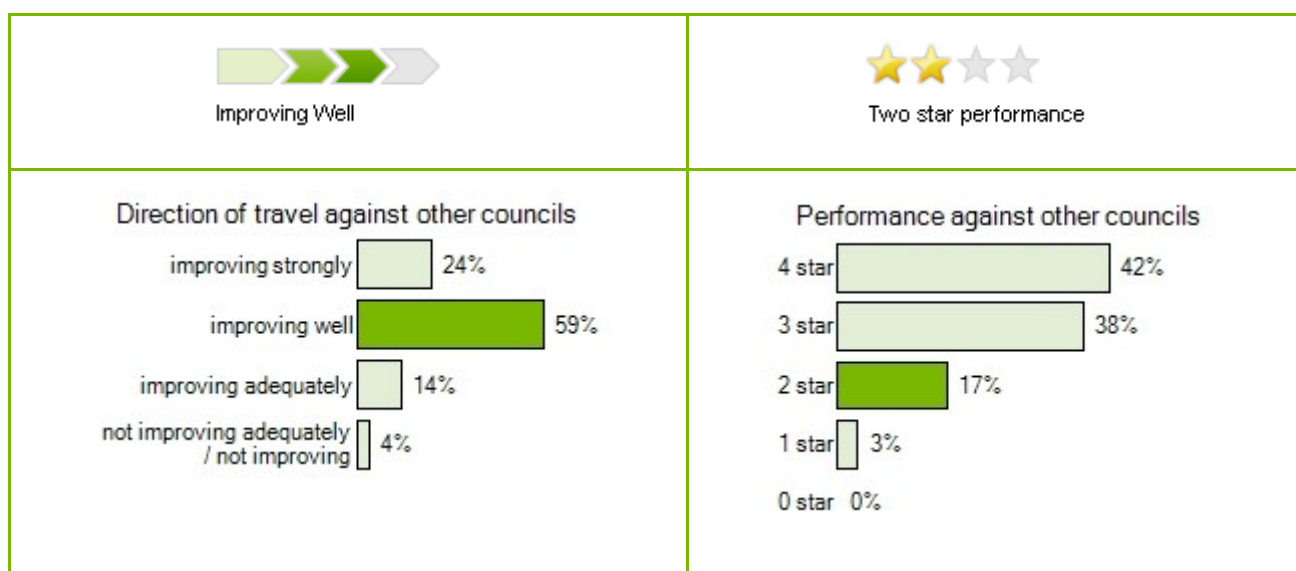
# Purpose, responsibilities and scope

- 8 This report provides an overall summary of the Audit Commission's assessment of the Council. It draws on the most recent Comprehensive Performance Assessment (CPA), the findings and conclusions from the audit of the Council for 2007/08 and from any inspections undertaken since the last Annual Audit and Inspection Letter. (It also includes the results of the most recent corporate assessment.)
- 9 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.
- 10 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](http://www.audit-commission.gov.uk). (In addition the Council is planning to publish it on its website).
- 11 Your appointed auditor is responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, your appointed auditor reviews and reports on:
  - the Council's accounts;
  - whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion); and
  - whether the Council's best value performance plan has been prepared and published in line with legislation and statutory guidance.
- 12 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.
- 13 We have listed the reports issued to the Council relating to 2007/08 audit and inspection work at the end of this letter.

# How is Swindon Borough Council performing?

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

**Figure 1 Overall performance of councils in CPA**



Percentage figures may not add up to 100 per cent due to rounding.

Source: Audit Commission

### Our overall assessment - the CPA scorecard

**Table 1 CPA scorecard**

Element	Assessment
Direction of Travel judgement	Improving well
<b>Overall</b>	<b>2 Star</b>
Corporate assessment/capacity to improve (October 2006)	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

#### Summary

- 15** Strong leadership and effective partnerships continue to deliver improved outcomes and secure the town's future economic viability. Good progress is being made against all of its annual priorities. Longer term 'Promises' delivered in 2008 include opening the new Central Library and establishing a 'First Stop Shop'. Adult services are good with more people being helped to live at home. Children and young people's services, such as keeping children safe, are better overall, but school results for some children, high teenage conception rates and getting more young people into education, training or employment remain a challenge for the Council. Housing services are delivering to a high standard and recycling and composting rates are high. With partners, it is helping more people stay active and reduce the number of people who smoke. Partnerships with the NHS and Police are improving health and making people feel safer. Benefits services provided to some of the Borough's most vulnerable people have not improved. Delivery plans are strong - the central library was opened on time and to budget. Value for money has improved.

## How is Swindon Borough Council performing?

### The Council's achievements against its priorities

- 16 The Council is continuing to drive forward its transformational agenda with good progress being made in all of its priorities areas. Sixty-five per cent of performance indicators improved in 2007/08 which is slightly above the average range for councils nationally. The quality of services is good with 32 per cent of indicators now performing amongst the top 25 per cent of councils nationally and is above the national average.
- 17 The Council has maintained its scores in the external assessments of its priority services and improvements have been made in some areas. The Council has maintained its score of 3 (out of 4) for Adult Social Care with leadership within the Council and PCT assessed as excellent with promising capacity for improvement. Ofsted<sup>1</sup> rated Services for Children and Young People as at least adequate, as last year, but said services to safeguard children were good and had improved. The Council's housing services have continued to improve. These achievements mean that local residents can have confidence in many Council services.
- 18 The Council describes its long-term priorities in its corporate plan - '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 strategic aims for 2008/09: destination of choice; all benefiting from growing economy; environment safeguarded; healthy, caring and supportive; high aspirations, superb education; people have influence and feel safe and organisation transformation. These align with the six themes of the Community Strategy 'A Shared Vision for Swindon 2008 to 2030' and Swindon's LAA targets.
- 19 Strong leadership is ensuring the Council's aim to become a 'Destination of Choice' is realised. Development agreements for the regeneration of Swindon Town centre have been signed bringing inward investment of half a billion pounds. These schemes, once completed, will improve the environment for residents and visitors and will make the town more attractive for incoming investors. The new central library opened in October 2008 and has won a national award for sustainable design. This new facility has improved its service for local people and visitors through seven day opening and increased hours. A recent Council survey showed that people are more satisfied with shopping and entertainment in the town centre.
- 20 Effective partnerships are delivering positive economic development outcomes. The Swindon Strategic Economic Partnership (SSEP) has delivered a range of initiatives and is engaging with a large number of local businesses. The Swindon Youth Enterprise Challenge has helped to reduce the percentage of young people not in education, training or employment by 2 per cent between 2006 and January 2008. This is still higher than the national average and the Council has reviewed its strategy and action plans to address the issues. Workplace numbers increased and the number of vacant premises in the town centre decreased during the early part of 2008 – these are very positive results in the current economic downturn and the Council may struggle to maintain this during 2009.

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<sup>1</sup> Office for Standards in Education, Children's Services and Skills

- 21** The Council is safeguarding the environment. The Council has been nominated for national and regional awards for its work on waste management and green initiatives. 47 per cent of waste has been diverted from landfill in the first quarter of 2008/09 and standards of cleanliness of roads and public places are improving. The following initiatives were progressed during 2008 but it is too early to measure their benefits. The 'StreetSmart' service launched in September 2008 with one telephone number and email address to make it easier for residents to request services and report problems. Over 60 per cent of Swindon schools enrolled on the Eco-Schools programme. The Council has worked in partnership with the Carbon Trust to establish the 'carbon baseline' and develop a Carbon Reduction Management Plan for the Council.
- 22** Effective partnership working is improving health and meeting the needs of a wide range of groups. The Council's plans to provide integrated health and social care services are progressing well. A range of groups have been involved in the development of policy and services and this was assessed as excellent by the Commission for Social Care Inspection (CSCI). The Smokefree Swindon Partnership has supported 779 people to give up smoking in the first three quarters of 2007/08 against a target of 723. Over 4,000 people have participated in Council-led sports events such as the Festival of Sport. Adult social care services are good. Improvements in 2008 have seen increasing physical activity for the over 50s; more people being assisted to live at home; an increase in hospital avoidance numbers and more people in receipt of direct payments that give them choice in the provision of their care. The Council has provided 7,600 breaks for carers and helped vulnerable people access financial and benefits advice. The numbers of children in care reduced by 9 per cent. The Council has made good progress in helping children and young people to stay healthy but has not succeeded in ensuring a consistent downward trend in the rates of teenage conceptions which remain above average. A programme of sexual health youth clinics in secondary schools and a sexual health and relationship policy are being implemented to help address this.
- 23** The Council has continued to drive forward improvements in education. Ofsted reported overall improvement in Council services with good capacity to improve in the future. At Key Stage 2 the number of children achieving at level 4 or above in English and maths improved from 72 per cent in 2007 to 74 per cent in 2008 which is above average nationally when compared to similar councils. School attendance has improved with missed half days of schooling decreasing from 7.35 per cent in 2006/07 to 6.69 per cent in 2007/08 and is above the national average. The Annual Youth Festival attracted a record crowd of over 2,500 young people and learning ambassadors are helping to change lives and raise aspirations. Some areas are still below average nationally such as Key stage 3 attainment levels and at Key Stage 4 and key post-16 qualifications when compared to similar councils.



## How is Swindon Borough Council performing?

- 24** The Council is working effectively with partners to make people feel safer and have more say in decisions which affect their local areas. The Council completed the Streets for Living project with European partners. Anti-social behaviour has seen an 8 per cent reduction overall and as high as 60 per cent in some areas. Older people are benefiting from a proactive community safety partnership which is making people feel safer with 'Safe and Clean' operations conducted in six wards. Improved local decision making has been facilitated through the Eastcott Community Council bringing together a range of stakeholders to identify local priorities and tackle local issues. The Council hosted a Migrant Workers Conference which included a free workshop for local companies that employ migrant workers. In response to an increase in serious road accidents the Council has revised its strategic plan for accident reduction and speed limit review.
- 25** Improvements in access to services is mixed. The Council have improved the information available to the public, through investment in its website and the development of the Contact Centre. A recent survey of people using the new contact points showed that 80 per cent thought that the Council was providing a good service. However the benefits service has not improved. Following the change of contractor in December 2007 the Council's performance in processing of benefits claims dipped sharply. Processing times improved during the first six months of 2008/09 but no improvement has been made on last year's performance. Vulnerable customers may find their tenancies under threat when benefits are not processed promptly.
- 26** Strong procurement and service reviews are achieving better value for money. The Council has clear and detailed information on costs and performance and a good understanding of their interaction. Spending is in line with priorities, supported by Medium Term Financial planning, and there is a track record of investment resulting in improved services.

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

- 27** The Council is making good progress and has delivered most of its longer-term 'Promises' due for completion in 2008/09. For example, it has established a 'First Stop Shop' in the town centre; opened the new central library with flexible opening hours and exceeded the Governments standard for decent homes in all council owned houses. It has a clear vision and ambition for the area and is working with its partners to deliver more in its priority areas.

- 28** The Council has robust plans in place to meet its future strategic challenges and continue on its improvement journey. In order to manage growth plans have been developed such as the Eastern Development Area Masterplan and the Draft Transport Strategy in agreement with Government partners, private sector parties and the public. The 'Connecting People Connecting Places' project joins up the plans and service delivery of the Council and partners at a more local level with advanced arrangements in place for the transition to cluster areas. The first phase is due to be operational from April 2009. Agreements have been reached between the Council and secondary school heads to complete three reviews to improve performance in key areas in 2009. Plans to move Swindon Commercial Services to an arms length organisation by June 2009 are underway. Delivery plans are resilient – the Council opened the new central library on time and to budget.
- 29** Good financial management, sound internal capacity and strong partnerships are ensuring that the Council has capacity to deliver its plans for improvement. Organisational transformation is a key priority for the Council and is being progressed via a variety of initiatives. A fund has been set up to help promote investment in new ideas and business improvements. Examples include a single database for streetscene and transport assets to help make better-informed maintenance decisions and provide better customer responses, and a Project Management Office (PMO) to support project sponsors and managers in planning and delivering projects. Staff focussed initiatives such as the In Touch system; succession planning; talent mapping and virtual staff college are building internal capacity. Strong partnerships with the Swindon Capita Partnership, the PCT, SSEP, LSP and the voluntary sector are all strengthening capacity. The LSP anticipates receiving a Performance Reward Grant to be realised from LAA1 of £2.8 million.
- 30** The Council has developed 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.

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### Service inspections

- 31** An important aspect of the role of the Comprehensive Area Assessment Lead is to work with other inspectorates and regulators who also review and report on the Council's performance. CAALs share information and seek to provide 'joined up' regulation to the Council. During the last year the Council has received the following assessments from other inspectorates.
- 32** During the last year the Council has received a number of assessments from other inspectorates such as Ofsted and CSCI and these have been taken into account when arriving at our assessment of direction of travel above.

# The audit of the accounts and value for money

- 33** Your appointed auditor has reported separately to the Audit Committee acting as Those Charged With Governance (TCWG] on the issues arising from our 2007/08 audit and have 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.

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## Use of Resources

- 34** 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).
- 35** For the purposes of the CPA we have assessed the Council's arrangements for use of resources in these five areas as follows.

**Table 2**

<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
<b>Overall assessment of the Audit Commission</b>	<b>3 out of 4</b>

Note: 1 = lowest, 4 = highest

### The key issues arising from the audit

- 36** I am pleased to recognise this year that the Council has continued to strengthen its arrangements under the general area of Use of Resources (UoR) and continues to perform well overall.
- 37** This year following further embedding of arrangements and continued improvements in service performance we have assessed the Value for Money theme of Use of Resources as a score of 3 (Performing Well) compared to a 2 (Adequate Performance) last year. This was due to our increased assessment in relation to the achieving value for money sub theme, which was based on continued improvements in performance in key services areas.
- 38** In addition we have increased our assessment from a score of 2 to a score of 3 in respect of three further sub themes (ie external accountability in relation to financial reporting, risk management and management of the Council's asset base) due to further embedding of improved arrangements introduced last year.
- 39** The Council continues to perform strongly in the area of probity and propriety with its general notable practice in this area continuing to be recognised as such by the Audit Commission.
- 40** The Audit Commission has introduced a new Use of Resources framework effective from April 2009. The new UoR framework is more challenging than the existing framework as it covers a broader range of activities and requires judgements which are more outcomes based. The new UoR assessment will form part of the organisational assessment under the new Comprehensive Area Assessment framework.
- 41** Our work under the new UoR framework has already commenced and we are working with the Council to ensure a clear understanding of what is required and how the assessment will be undertaken.

### The audit of the account

- 42 There were no material matters arising from the audit. The most significant issues identified were reported in our report to the Audit Committee in September 2008 and related to:
- the need to fully reconcile the Statement of Total Recognised Gains and Losses with other statements; and
  - improving the evidence to support classification of entries in a number of the principal statements.
- 43 Members will want to be aware that the Audit Commission has now revised its reporting level for trivial errors downwards for next year and this may mean that our report to those charged with governance will refer to a greater number of errors. We will endeavour to recognise the impact of this change in next years report so members have a clear picture of the extent to which the quality of the Council's accounts has changed.
- 44 As this was our first audit of the Council's accounts we have identified a number of improvements in the way we will carry out our audit next year and some areas where we believe the Council can improve its own processes or documentation further. These were discussed with the finance team at a meeting in November 2008.

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### Value for Money conclusion

- 45 Our work in arriving at our value for money conclusion included an assessment of the adequacy of the arrangements for data quality. Although we concluded that arrangements were adequate we made a number of recommendations to improve the arrangements further. These related to:
- better communication of the corporate commitment to data quality;
  - including data quality in the corporate induction process; and
  - implementing outstanding recommendations from last years report on data quality as soon as possible.
- 46 These recommendations were contained in our report dated January 2009 and were accepted by management.

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### Grant Claims

- 47 Significant sums of grant monies flow annually from central government to local government and we audit all grant claims above £100,000.
- 48 In accordance with Strategic Regulation, the Audit Commission has continued with a more risk-based approach to the certification of grant claims and, in the last year alone, the reduction in the number of claims subject to audit and has resulted in a significantly lower audit fee than estimated in our audit plan (ie an actual cost of £60,811 compared to an estimated £85,000). The estimated cost for next years work is £66,350.

- 49 We audited a total of 8 claims of which 5 were amended and 3 required reports to the grant paying department. The amendments and issues raised in the reports had the effect of reducing the Council's grant entitlement by about £125,000 which is not significant in relation to the sums of money involved.
- 50 The co-ordinations arrangements put in place by the Director of Finance worked well. Most problems identified related to non compliance with guidance by officers completing the claims and we have identified a number of recommendations in our draft report dated March 2009 which should help to reduce the number of errors and issues for next year.

# Looking ahead

- 51 The public service inspectorates have developed a new performance assessment framework, the Comprehensive Area Assessment (CAA). CAA will provide the first holistic independent assessment of the prospects for local areas and the quality of life for people living there. It will put the experience of citizens, people who use services and local tax payers at the centre of the new local assessment framework, with a particular focus on the needs of those whose circumstances make them vulnerable. It will recognise the importance of effective local partnership working, the enhanced role of Sustainable Communities Strategies and Local Area Agreements and the importance of councils in leading and shaping the communities they serve.
- 52 CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate area assessment and reporting performance on the new national indicator set, together with an organisational assessment which will combine the external auditor's assessment of value for money in the use of resources with a joint inspectorate assessment of service performance.
- 53 The first results of our work on CAA will be published in the autumn of 2009. This will include the performance data from 2008/09, the first year of the new National Indicator Set and key aspects of each area's Local Area Agreement.

# Closing remarks

- 54** This letter has been discussed and agreed with the Chief Executive and other officers. A copy of the letter will be presented at the audit committee on 21 April 2009. Copies need to be provided to all Council members.
- 55** 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	May 2007
Annual Governance Report	September 2008
Opinion on financial statements	September 2008
Value for money conclusion	September 2008
Final accounts memorandum	November 2008
Date quality report	January 2009
Annual audit and inspection letter	March 2009

- 56** 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

- 57** 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**  
**Comprehensive Assessment Area Lead**

4 March 2008



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# The Audit Commission

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

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

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

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