

Annual Audit and Inspection Letter

Oadby and Wigston 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 non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

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

- 1 Generally, services remain good. There are more services performing better than average than below average, and the Council has 39 per cent of services performing amongst the best in England, above average. The Council successfully improved environment services and has increased recycling but it has continued to struggle to implement some of the changes recommended following the culture inspection. Improvement in housing was significantly below that of similar councils.
- 2 Overall improvement is below that of similar district councils, the second year that this is the case. From a basket of indicators, the Council made improvements in 53 per cent of indicators, lower than the district council average.
- 3 The new Chief Executive has brought a fresh impetus for improvement. Progress in delivering plans this year has been good and the Council's new ambitions are supported by a renewed understanding of the needs of the borough. The Council is responding more quickly to identified weaknesses, for example following the Landlord services inspection. Partnership working is now a strength with progress, for example, in working more collaboratively with the County Council.
- 4 Work force planning and succession planning are under-developed. Improvement has been hampered by a lack of capacity within the strategic management team, and the need to introduce new processes in some key areas. Until these issues are resolved there remains a risk to the delivery of the improvement programme.
- 5 The Council has good overall arrangements for securing value for money but also has opportunities to generate more from these arrangements by ensuring they become much more firmly established and more consistently applied. Arrangements in this area will be tested by pressures from the current economic climate.
- 6 Looking ahead the Council, like others will need to ensure it is in a good position to apply new International Financial Reporting Standards (IFRS) to financial information for 2009/10 so it can be incorporated in the 2010/11 published accounts.

Action needed by the Council

- 7 Ensure that the Council continues to embed the new ways of working including strengthened partnership working, prioritisation and performance management. Maintain a clear focus on the services that need to improve and ensure that new plans are used effectively to deliver improvements.
- 8 Ensure the Council's arrangements for improving value for money become more firmly established and more consistently applied and that medium term financial plans take account of the likely impact of the economic climate.
- 9 Ensure that sufficient capacity is available in particular to:
 - enable the Council to deliver its strategic functions; and
 - allow it to comply with new International Financial Reporting Standards.

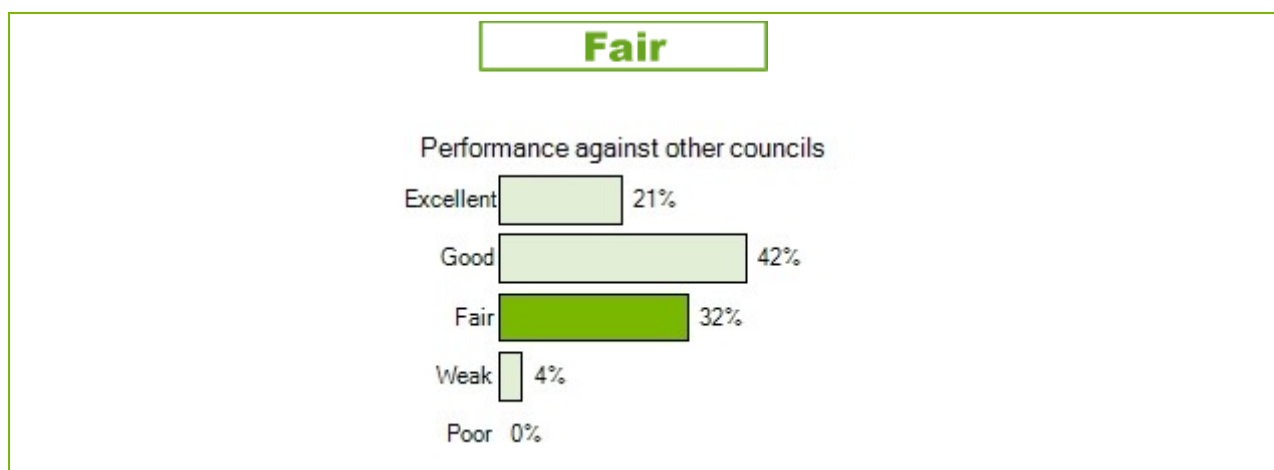
Purpose, responsibilities and scope

- 10 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's accounts, the use of resources assessment, and final audited data for performance indicators for the financial year 2007/08. It also includes findings and conclusions from any inspections undertaken since the last Annual Audit and Inspection Letter (March 2008) and, for the Direction of Travel assessment, any other evidence of improvement in outcomes and performance since that time, including part year unaudited performance data where it is judged to be helpful in demonstrating a performance trend.
- 11 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.
- 12 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. (In addition the Council is planning to publish it on its website).
- 13 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.
- 14 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.
- 15 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 Oadby and Wigston Borough Council performing?

16 The Council was assessed as Fair in the Comprehensive Performance Assessment carried out in 2004. These assessments have been completed in all district councils and we are now updating these assessments, through an updated corporate assessment, in councils where there is evidence of change. Oadby and Wigston Council has not asked to be re-assessed. The following chart is the latest position across all district councils.

Figure 1 Overall performance of district councils in CPA



Source: Audit Commission (percentage figures may not add up to 100 per cent due to rounding)

The improvement since last year - our Direction of Travel report

What evidence is there of the Council improving outcomes?

17 For the second year running, overall improvement as measured by national performance indicators is below that of similar district councils. There is a risk that services will slip behind other councils.

How is Oadby and Wigston Borough Council performing?

- 18** From a basket of indicators (selected by the Audit Commission), the Council made improvements in 53 per cent of indicators. This is lower than the district council average (of 58 per cent) and a drop from 62 per cent improved last year. Overall services remain generally good with more services performing better than average than below average, and the Council has 39 per cent of services performing amongst the best in England, which is better than average. However, 26 per cent remain amongst the poorest in England. The Council's landlord services were inspected last year and found to be poor – below minimum standards, with only uncertain prospects for improvement. Generally the Council has been successful in maintaining existing levels of performance, and improving other areas but comparison shows that other councils are improving more rapidly.
- 19** The Council's ambitions for 2007/08 were broad and lacked clearly defined specific priorities or outcomes that the public would experience or recognise. Delivery of ambitions still relied on lists of actions. Most, but not all, actions were completed.
- 20** In the last year the Council focussed on waste management, street cleaning, parks and leisure.
- 21** The Council successfully improved the local environment. Three quarters of relevant indicators improved; streets are clean, parks have improved and the amount of household waste recycled has increased. A reliable recycling and waste collection service is important to local people, and the Council has successfully maintained a weekly refuse collection service together with high levels of recycling and the lowest amount of waste collected, per person, across the county. This all helps reduce the environmental impact of the borough.
- 22** The speed of processing benefit claims continued to improve, according to plan although performance in 2007/08 was below average at 31 days. Although overall performance has yet to meet the levels achieved in 2004/05, improvements have continued through 2008.
- 23** Changes and improvements to the way the Council operates internally have started to deliver improvements as well. For example, the proportion of invoices paid within the target of 30 days improved and the amount of days lost due to sickness dropped to 8.8 days in 2007/08 and is now better than average.
- 24** However, other areas are yet to show sustained improvement. The Council has struggled to implement some of the changes recommended following the culture inspection in 2007. The Council's housing landlord services were inspected in 2008 and assessed as poor meaning it does not meet the minimum standards required. There were increases in the length of stay in both bed and breakfast accommodation, and in hostels. The report highlighted that the Council is not involving tenants enough, does not know who uses the services, and services do not meet the needs of the diverse communities the Council serves.

How is Oadby and Wigston Borough Council performing?

- 25 The Council has made improvements in how the public can access its services. New customer services points have recently opened in Wigston and Oadby libraries, in partnership with the County Council, with plans progressing for a final centre at South Wigston. This will improve access to the Council, providing a more integrated service and reduce pressure on the front desk at the main Council offices. Improvements are planned for the web-site later this year. The Council has achieved Level 2 of the local government equality standard, in line with most other councils. It works with a range of local community groups, such as the multi-cultural group which helps coordinate multi-faith festivals in Oadby, the Senior Citizens Action Group which runs a range of diverse activities for older people, ranging from fair trade to dinner dances, and the Asian Elders Group which supports Asian elders, their families and their carers with fitness and healthy eating programmes plus support on computing and English.
- 26 The Council continues to deliver good value for money, although some arrangements to secure improved value for money are yet to deliver significant results. Overall costs are low and services remain generally good. But considerable time and effort has been expended on some initiatives that, because they were not correctly scoped, have not delivered the level of savings anticipated. For example, the waste partnership did not deliver the level of savings anticipated and work is now focussed on improving current working arrangements. However other initiatives are starting to deliver real and tangible benefits. Payroll services are delivered by the County Council, increasing reliability and reducing pressure on front line services (as officers were sometimes diverted from serving the public in order to ensure the payroll was run); IT arrangements are now delivered in partnership with Hinckley and Bosworth Borough Council.

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

- 27 The new Chief Executive has brought a fresh impetus for improvement within the Council, but improvement has been hampered by a lack of capacity within the strategic management team, and the need to introduce new processes in some key areas. The departure of the previous Deputy Chief Executive, who was also the S151 officer, has caused disruption to some plans and, although temporary cover has been secured, a lack of strategic capacity remains a serious risk to the Council and its ability to secure significant improvement. The proposal for an Eco Town has required officer and councillor time, reducing capacity in some areas, especially around planning, regulation and strategic management. Managing these areas continues to be a risk for the Council.

How is Oadby and Wigston Borough Council performing?

- 28** Overall, progress in delivering plans this year has been good. Milestones for the adoption of the new corporate plan have been met and councillors have embraced the development with enthusiasm. The Council's ambitions are clearer, having been informed by consultation and a State of the Borough report, commissioned by the Council, and used by the Council and the Local Strategic Partnership (LSP). A ten year vision has been agreed, supported by clearer actions and strengthened partnership working. Improved consultation has involved local people in identifying service priorities for next year, and these have been adopted by councillors and used to help set the budget for 2009/10. There is still work to do, such as identify what the ten year vision will mean to local people and mapping to ensure that priorities actions for each year support the overall ambition. But the good progress made so far, with key milestones being met on time, increases the confidence that the Council will deliver future improvement.
- 29** There is a new approach to improvement with a greater emphasis on partnership working. The Council has rightly recognised it needs to work with others in order to deliver the level and quality of services it aspires to. In particular good progress has been made in working with the County Council. For example work has progressed quickly, after a number of false starts in previous years, to improve customer services through the County Council's libraries. A new policy officer post has increased capacity to establish a performance management framework across the Council and with partners. This is helping support the LSP and the county wide Local Area Agreement.
- 30** The Council has responded promptly and effectively to deal with the weaknesses reported in the Landlord services inspection report. Recognising that the Council's response to the weaknesses in the Culture inspection, 18 months ago, had not brought about the level of improvement hoped for, the Council has established an Improvement Planning Board to help deliver improved services. For landlord services, this includes representatives from the inspectorates, the County Council and a Registered Social Landlord and is being used to identify and drive improvement in housing. It is a good example of using experience from outside the Council to help identify improvement opportunities and increase the capacity available to the Council. The Council has recognised the strength of this approach and is now adopting a similar arrangement for cultural services.
- 31** However, improvement is not yet consistent and many internal systems are not sufficient to take the Council into future joint arrangements. And weaknesses remain in current internal arrangements, such as work force planning and succession planning, which are under-developed. Until these are resolved, there remains a risk to the delivery of the improvement programme.

Landlord services

- 32** We carried out an inspection of landlord services which reported in August 2008. In that report, we concluded that the Council provides a poor, no-star service with uncertain prospects for improvement. This is because outcomes for tenants across all services are weak.

How is Oadby and Wigston Borough Council performing?

- 33** The landlord service is failing to ensure that it is delivering a high-quality service to tenants. The Council is not aware of who is accessing its services and what the barriers to access might be. There has been a lack of systematic involvement of tenants in determining the priorities for the housing service and tenant involvement is generally under developed and under resourced. Services are not tailored to individual or diverse needs and the Council cannot be sure that services are delivered equitably.
- 34** The Council is not making the best use of its resources to deliver an effective responsive repairs service and does not systematically monitor the performance of its contractors. Income recovery is reactive and is under resourced, with no work undertaken to instil a payment culture in tenants. Anti-social behaviour (ASB) and estate management are delivered proactively but with no targeting of the main causes of ASB. The Council has little understanding of its costs and cannot demonstrate that it offers value for money.
- 35** We assessed the Council's prospects for improvement to be uncertain. There are plans in place to deliver improvements to services, but staff and tenants have not been involved in developing and understanding them. Targets are not challenging and are not monitored effectively. Performance management is not embedded throughout landlord services and councillors and tenants have not robustly challenged outcomes. However, the Council responded positively to our inspection and has started work on delivering improvements,
- 36** The Council needs to concentrate its efforts on improving core housing management services, particularly the responsive repairs and income recovery services and ensure that these are provided efficiently. It also needs to focus on making better use of tenant feedback and performance information, including comparisons with others, to help to raise the standard of services in line with tenants' priorities. The Council also needs to focus on setting in place robust systems for performance management within landlord services to identify areas of poor performance and to establish and address the causes of this.

The audit of the accounts and value for money

- 37** Your appointed auditor reported separately to the Policy Committee in September 2008 on the issues arising from our 2007/08 audit and issued an audit report on 12 September 2008, providing an unqualified opinion on your accounts and a conclusion on your value for money arrangements to say that these arrangements are adequate.
- 38** Your appointed auditor also issued 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. 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 we have assessed the Council's arrangements for use of resources in these five areas as follows.

Table 1

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

Note: 1 = lowest, 4 = highest

- 41 Our overall assessment of use of resources remains at 3 (performing well). We have already provided a more detailed report to officers outlining our findings. Whilst an assessment of 3 represents good performance overall there is scope for the Council to generate more from its arrangements for managing and improving value for money, as explained below.
- 42 The Council is achieving good value for money; costs remain below average and services generally perform well. However this is not consistent across the whole Council and we identified various factors that led us to conclude that arrangements to manage and improve value for money are not fully embedded. These factors are summarised below.
- 43 Service reviews continue to deliver good outcomes, but services that have not been subject to a review are not managing to improve value for money.
- 44 A series of staff focus groups are helping to engage staff in service improvements and to identify efficiency areas. However, these initiatives are new and have yet to develop a momentum themselves or lead to improvements in either value for money or that local people will notice.
- 45 The Council initially failed to act sufficiently quickly to address poor housing performance: this was identified as a problem area in 2006/07, yet the Landlord Service inspection in 2007/08 concluded that the service was still 'poor' with uncertain prospects for improvement. However the Council has subsequently responded promptly to the inspection report and has put in place a framework to drive improvements forward.
- 46 A risk analysis has been undertaken across all services to assess which services are at highest risk of having a negative effect on value for money. From this, a position statement has been developed, but there is no plan in place yet to support and direct improvement. This means that there is no clear course to ensure that sustainable value for money outcomes are achieved.

- 47 In common with most areas of the economy the current economic downturn has affected local authorities and will continue to do so. Demand for certain services such as benefits is likely to increase and certain key income sources are likely to reduce. A key challenge in managing use of resources will be to balance these competing pressures within the medium term financial strategy and future plans.

Looking ahead

- 48 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.
- 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 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.
- 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 National Indicator Set and key aspects of each area's Local Area Agreement.

International Financial Reporting Standards (IFRS)

- 51 As noted in last year's letter, International Financial Reporting Standards (IFRSs) will be applied to local government for the 2010/11 published accounts which will include comparative figures for 2009/10. This means that the Council needs to be in a position to provide the necessary financial and operational information from 1 April 2009. It is therefore essential that the Council has adequate arrangements in place to comply with the new requirements in a timely manner. Preparation for this change will be considered as part of the 2009 Use of Resources assessments.

Closing remarks

- 52 This letter has been discussed and agreed with the Chief Executive and the Interim Director of Resources. A copy of the letter will be presented at the full Council on 21 April 2009. Copies need to be provided to all Council members.
- 53 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 2 Reports issued

Report	Date of issue
Audit and inspection plan	May 2007
Report on the Best Value Performance Plan	December 2007
Landlord services	August 2008
Annual governance report	August 2008
Opinion on financial statements	September 2008
Value for money conclusion	September 2008
Final accounts memorandum	November 2008
Use of resources	January 2009
Data quality	March 2009
Annual audit and inspection letter	March 2009

- 54 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 year.

Availability of this letter

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

Mary Perry
Comprehensive Area Assessment Lead

March 2009

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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