

Annual Audit and Inspection Letter

Woking 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 The Council has continued to deliver above average performance and the rate of improvement was also above that of other councils.
- 2 Work on equalities is improving but the Council remains at Level two of the Equality Standard.
- 3 The Council has continued to be a leader in sustainability and climate change with two Beacon status awards being achieved since 2007.
- 4 Given the economic downturn the Council may need to refresh some targets for example, affordable new homes and new business start ups.
- 5 The appointed auditor provide an unqualified audit opinion on your 2007/08 accounts on the 27 February 2009.
- 6 The overall use of resources score was 2. This is a reduction from a score of 3 in 2007. Driving this movement was a reduction in the score for Financial Standing from a 3 to a 2. In 2007/08, reserves were used on a one-off basis to fund redundancy/early retirement costs in order to bring staffing costs down permanently. The reserves position of the Council is challenging. However, the level of reserves remains within the tolerances set out by CIPFA (that is maintaining reserves at 5 per cent of net budget requirement). The Council should ensure a robust action plan is in place to prevent ongoing access and reduction in the reserves.
- 7 The Whole of Government (WGA) accounts pack, used by government to consolidate the accounts, was submitted for audit in February 2009. As best practice, the WGA pack should be submitted alongside the financial statements.

Action needed by the Council

- 8 There remains scope to increase the timeliness with the financial statements and Whole of Government Accounts submission are completed. A final set of accounts, with all adjustments processed and technical issues resolved was not received by the appointed auditor until February 2009. As part of the planning process for 2008/09 your appointed auditor will work with you to identify how these processes could be improved to ensure the more timely delivery of the final financial statements. Your audit certificate was issued on 27 February 2009.
- 9 Implement plans to improve its performance on equalities and diversity, to help it meet the requirements of the new local government equalities framework and ensure improvements in service provision apply to all parts of its community.

Purpose, responsibilities and scope

- 10 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.
- 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 Woking Borough Council performing?

16 Woking Borough Council was assessed as Good in the Comprehensive Performance Assessment carried out in 2003. These assessments have been completed in all Borough councils and we are now updating these assessments, through an updated corporate assessment, in councils where there is evidence of change. The following chart is the latest position across all Borough councils.

Figure 1 Overall performance of borough councils in CPA



Source: Audit Commission

The improvement since last year - our Direction of Travel report

Performance overview

- 17 The rate of improvement in Woking over the last year was above average for district/borough councils. The Council's overall rate of improvement, as measured by a basket of performance indicators (PIs), was 60 per cent. This was slightly above the national district/borough council average of 56 to 59 per cent.
- 18 The Council's performance, as measured by the number of PIs in the best 25 per cent of councils, was 37 per cent which is slightly above the district/borough council average of 34 per cent and a continued improvement on the previous year.

- 19 The Council has made some progress in its work on equalities, achieving level two of the Equality Standard in 2006/07. The Council has plans to achieve level three by the end of 2009. Level two has been achieved by 54 per cent of councils with 32 per cent (an improvement from 24 per cent last year) having achieved levels three to five, five being the highest rating. Improvements to corporate health indicators covering workers with disabilities, top earners who are women or those from marginalised groups show varied outcomes. The Council takes robust action on racial incidents which are reported to it and current performance is in the best 25 per cent of councils and improving.
- 20 The Council is responsive to the needs to its residents. While the Council continues to modernise its services to enable residents to communicate and interact with it through electronic methods it has continued to provide more traditional services such as the cash desk as elderly residents prefer this and it is well used. The Council has also worked hard to support its disabled residents and those that do not have access to a car through the comprehensive community transport, and the shopper buggy network is very visible in town allowing people to gain access to services through a variety of transport options.
- 21 The Council has three key objectives which have a range of specific priorities within them. Those objectives are:
- decent affordable housing;
 - the environment; and
 - health and well being.
- 22 The following paragraphs highlight the Council's performance of each of its key objectives using a range of information including performance indicators (PIs) for 2007/08.

The environment

- 23 Woking Borough Council has an established reputation as a leading council on environmental and sustainability issues. Since 2007 it has achieved two Beacon status awards. These are given for excellence in provision and notable practice which other councils can learn from. The 2007 award was for 'Promoting Sustainable Communities through the Planning process', that in 2008 was for its pioneering work on climate change.
- 24 Performance has improved in the last year, with 80 per cent of PIs improving compared to the average band of 66 to 70 per cent. The Council already has an above average number of PIs in the top 25 per cent of councils with 36 per cent, compared to the average of 35 per cent.

How is Woking Borough Council performing?

- 25 The Council has achieved this success through coordinating its responses through cross directorate working and more importantly by getting the wider community involved through education, engagement and involvement at many levels. The sustainability report has been reviewed twice since 2002 to make sure it is responding to local needs. The current strategy has 40 key actions each with an identified responsible officer with short to long outcome measures. To date this produced a range of outcomes including reducing the carbon foot print of the Council by 65,000 tons in five years. This work has been independently validated by the carbon trust energy efficiency accreditation process and shows the ambition of the Council to deliver on complex agendas.
- 26 The Council continues to work on environmental and sustainability issues with others. With Surrey County Council, Woking has received approximately £2 million of additional funding further to develop cycling in Woking. The Council is part of a multi- country European Community funded initiative called 'Sustainable Now' co-ordinated by ICLEI local governments for sustainability. Woking is a member of ICLEI (International Council for Local Environmental Initiatives). This international and European group of local authorities spreads good practice on how to tackle climate change, share learning and promote sustainability amongst local authorities and community organisations. It has enabled Woking to take part in events as well as host training and learning sessions within the borough for others to see.
- 27 The Council has consistently performed well in recycling, composting and kerbside collection. A recycling and composting rate of nearly 41 per cent was achieved in 2007/08, an increase of 3 per cent in 2006/07 and Woking continues to be among the best performing councils nationally. The Council has also continued to reduce the amount of waste collected per household, collecting less than the national average amount in the last three successive years. Recycling is a key priority of the sustainability agenda and the Council is committed to diverting waste from landfill and working with residents and businesses on increasing recycling wherever possible. The costs of waste collection continues to be high and are increasing, remaining in the bottom 25 per cent of councils overall.
- 28 The cleanliness of public spaces has continued to improve, with reductions in graffiti, litter and fly posting. These also support how people feel about their areas as well as how safe they feel when walking about.
- 29 The processing of planning applications has seen mixed performance. Major applications have seen an improvement with the proportion being determined within 13 weeks increasing from 64 per cent to 70 per cent, though this performance is still below average. Minor applications determined within eight weeks have seen deterioration from 78 per cent to 76.5 per cent. This has reduced the Council's overall performance to below average. In addition all other applications determined within eight weeks has also seen a marginal reduction in performance while still remaining in the best 25 per cent of councils.

- 30 The Council supports those who are submitting applications by working with them to ensure that applications are in as complete a state as possible before submission in order to reduce subsequent delays. The Council is part of a county-wide project which is designed to screen out inappropriate or inadequately developed applications at the earliest stage possible.

Decent affordable housing

- 31 The Council has continued to achieve successes in its priority area of decent affordable housing. It reduced the percentage of local authority homes which did not comply with the Government's Decent Homes Standard from 14 per cent to 9 per cent within the year and improved performance in rent collection rates from 98.6 per cent in 2006/07 to 99 per cent (both indicators being in the highest 25 per cent of councils).
- 32 The Council works on achieving its priorities and objectives in a cross departmental way. Through working with planning and to promote sustainable communities the Council is providing 270 affordable homes within existing communities. In addition it had identified £7 million of section 106 monies for further developments to support housing and communities. Given the current economic climate these figures may need to be adjusted but demonstrate the Council's commitment. To support developers in providing sustainable homes the Council provides tools which enable developers and planners to assess the carbon impact of schemes. This in turn supports the Council's agenda of sustainability and efficiency.
- 33 The Council has had varied success in addressing homelessness by providing additional support to vulnerable families. Homelessness figures show improved performance in the percentage of repeat applications – this supports the view that the Council's services to prevent homelessness and repeat homelessness are working. However more households were accepted as priority homeless in 2007/08 than previous years and more households were placed in temporary accommodation than 2006/07 although the numbers remain low at 25 households.
- 34 The Council's benefits service directly helps the more vulnerable in the community. National performance indicators for the time taken to process new housing benefit claims and changes of circumstance are both improving and are above average.

Health and well being

- 35 Woking has a population that is healthier, lives longer and has higher educational achievements than the national average. However there are areas of deprivation and hotspots within the borough. In 2007, it started its 'tune in' programme, a range of activities focusing on engaging, involving and finding out what its communities wanted. The aim was to find out more about the issues that concern local people and how local people can be empowered to deal with the majority of the issues themselves as well as giving the Council the ability to respond to the Government agenda on citizen engagement and empowerment.

How is Woking Borough Council performing?

- 36 Culture remains a priority area and the Council continues to promote increasing the number of people from all sections of the community taking part in sports and cultural activities. The Council had an above average number of key PIs in the best 25 per cent of councils in 2007/08.
- 37 The range of activities to promote health and well being include the healthy walk scheme supported by the Councils' health and well being team. These provide a range of walks for different groups of people specifically aimed at increasing exercise and getting to know people. The Council also supports a wide range of activities for children and young people including the fitness challenge. This challenge allows children and young people to try varied in and outdoor pursuits during the school holidays. This keeps them active thus supporting reductions in obesity as well as occupied with the potential to reduce anti social behaviour. Free swimming has also been provided for children during school holidays at all public baths, with a very high take up.
- 38 Some geographical areas such as the Sheerwater estate have been targeted for specific intervention due to higher levels of smoking, ill health and lack of use of traditional facilities. While not all of these have been successful the Council remains committed to trying new ways of maximising engagement and uses the 'tune in' as a way of getting community suggestions.
- 39 The Council is also creative in linking its objectives to national promotions or activities. Last year as part of Sports Relief, Woking was one of 200 towns to promote the run or walk a mile. The event in Goldsworth Park was very successful in attracting individuals and families. As part of National Blood Pressure Week, Woking supported free blood pressure tests to residents. While the national report did not break down the impact on Woking residents the number of people who had previously undiagnosed blood pressure problems was high. There was also good feedback on the numbers of people on getting post testing medical appointments for treatment with their GPs. For No Smoking day the Council ran a competition with schools for a poster design. Sponsorship from the local shopping centre led to 150 entries including some from special needs schools.
- 40 The Council successfully works across departments to maximise impact on its key objectives. The housing department supports home improvements; a key area being reducing fuel poverty for vulnerable groups. This also supports the climate change strategy. Over 98 homes have been helped by the warm front scheme and some larger houses have also benefited from cavity insulation. The Oak Tree House has been established as a demonstration house to show what improvements to heat and light can be made. The Council has set itself a target of ensuring that fuel costs should be no more than a certain percentage of the state pension depending on marital status and size of property, and is working with the most vulnerable to achieve this. Reducing the amount of disposable income spent on fuel increases the choice of other purchases such as food which in turn lead to improved health especially in the most vulnerable and frail.

- 41 The Council has good plans for improving and these are aligned to others. The Crime and Disorder Reduction Partnership (CDRP) is the fourth best performing in the county. The PIs within the safer and stronger theme all show improvement. This is above the average band of 90 to 98 per cent improvement for all district councils. The Council is aware of the community safety challenges it faces and is an active participant in the CDRP in aiming to reduce crime, the fear of crime and anti-social behaviour. The co-location of 50 police officers and staff in the civic offices, assisting Surrey police to work much more closely with neighbourhood officers and the community safety group has been deemed successful not only by the Council but also by other blue light services, looking to piggy back on this idea.

Sustaining improvement in the future

- 42 Challenges for 2009/10 are clearly linked to the international economic downturn. The ability of the Council to deliver on affordable homes and achieve the previously identified section 106 monies from new developments will be difficult in the current economic climate. The downturn may also see more people seeking the Council's help and support. While the Council has built its spatial vision for Woking and the Local Development Framework has been clearly linked to its vision of sustainable communities, some targets within this may need to be refreshed in the light of the current economic position eg new business start ups. The Council's decision not to raise Council Tax for 2008/09 and also its challenging targets may lead the Council to be without sufficient funds to deliver these plans.
- 43 The Council has robust plans for improving and its medium term financial strategy is fully integrated with its service and financial planning. Its budgets and capital programme are soundly based and designed to deliver the strategic priorities. Performance against budgets is actively managed throughout the year and the Council regularly reviews its arrangement to ensure they are fit for purpose. For example the Council recently restructured its organisation to increase internal capacity. The Council has put in place strategic directors, replaced service heads with business managers who have a specific area of focus rather than a wide spread of responsibility all with the aim of improving performance. It is too early to assess the impact of these changes.
- 44 In our previous Annual Audit Letter we highlighted that the Council faced significant financial challenges. This year the annual assessment of how the Council manages its resources was reduced from performing well to adequate. This was due to the Council missing the statutory reporting deadline for accounts for the second year running but also not having completed action plans in place to address the significant drop in the level of reserves.
- 45 The Council continues to maintain sound management arrangements. The Council's external auditors found no significant weaknesses in arrangements for securing continuous improvement and no noted failures in corporate governance that should prevent improvement being sustained.

Service inspections

- 46 No service inspections have been carried out in the period covered by this Letter.

The audit of the accounts and value for money

- 47 Your appointed auditor has reported separately to the Standards and Audit committee, on 20 November 2008, on the issues arising from our 2007/08 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.

Use of Resources

- 48 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).
- 49 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 1

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

Note: 1 = lowest, 4 = highest

The key issues arising from the audit

- 50** An unqualified opinion on the 2007/08 accounts was issued to the Council in February 2009. No significant issues were raised from our audit of the financial statements and related controls work. We identified a number of adjustments, none of which were material. Improvement could be made with regards the timeliness with which these adjustments are processed.
- 51** Overall, the Council has performed adequately for its 2008 Use of Resources assessment. It has 'performed well' in two of the five modules - financial management and value for money. The financial standing score has decreased this year, impacting the overall Use of Resources assessment, as such financial standing is a key area for development. The Council is modelling a significant deterioration in the level of reserve balances, for the period 2008 - 2010, within its Medium Term Financial Strategy. Although there is an understanding that reserves need to be restored again, no explicit method of achieving this had been identified during the period of assessment. Performance has been sustained in all other areas.
- 52** We assessed overall management arrangements as adequate. Whilst there are well-established procedures for the collection and validation of Best Value PIs (BVPs), the action plan prepared following last year's Data Quality audit (carried out by the Audit Commission, the Authority's previous auditors) has not yet been fully implemented. We understand that this is due to a reduction in performance management staff. Key priorities remain the development and embedding of a Data Quality strategy and detailed policies and procedures for each department, and the consideration and inclusion of Data Quality within the Authority's Risk Management Strategy.
- 53** Looking forward, the Council's most pressing challenge will be responding to the current economic climate as income from fees and charges, and investments falls. We will continue to keep this area under review through our work on financial standing.
- 54** In addition, the Council will have to produce IFRS-based accounts from 2010/11, including the restatement of its 2009/10 accounts under the IFRS-based Code of Accounting Practice. The Authority should ensure it reviews which standards will have the biggest impact on its financial statements and gathers the necessary information to make any adjustments required. We will continue to work with officers in this area to provide assistance and support as appropriate.

Advice and Assistance work

- 55** We carried out no advice and assistance work under our specific powers during 2007/08.

Looking ahead

- 56** 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.
- 57** 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.
- 58** 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 aspect of each area's Local Area Agreement.

Closing remarks

- 59 This letter has been discussed and agreed with the Chief executive. A copy of the letter will be presented at the Standards committee on 26 March 2009. Copies need to be provided to all Council members.
- 60 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
Accounts Audit Memorandum (ISA260)	October 2008
Annual External Audit report	March 2009
Opinion on financial statements	27 February 2009
Value for money conclusion	February 2009
Review of project management arrangements	June 2008
Annual audit and inspection letter	March 2009

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- 61 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

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

Paul Chambers
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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