



**BROMSGROVE DISTRICT COUNCIL**

**MEETING OF THE AUDIT BOARD**

**MONDAY 16TH MARCH 2009, AT 6.00 P.M.**

**THE COUNCIL HOUSE, BURCOT LANE, BROMSGROVE**

**SUPPLEMENTARY DOCUMENTATION**

The attached papers were tabled at the above mentioned meeting. The papers attached at Item 4 being the final version, with the papers attached at Item 6 being specified as 'to follow'.

4. Annual Audit and Inspection Letter 2007/2008 (Pages 1 - 22)
6. Audit Fees Letter (Pages 23 - 26)

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19th March 2009

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# Annual Audit and Inspection Letter

Bromsgrove District 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.

# Key messages

- 1 The Council has improved its performance across all services. In 2007/08, 79 per cent of national performance indicators (PIs) improved which is well above the average range for district councils. As a result of this improvement, Bromsgrove District Council is ranked as second out of 388 councils for the percentage of PIs improved in the last year. The Council did however start from a low base. Value for money is improving, costs are at or above average and performance is improving.
- 2 The Council was assessed under the Comprehensive Performance Assessment framework this year. The team concluded that the Council's performance overall is fair. Since the last CPA, the Council has made significant progress in addressing the weakness previously identified. Much of the work has focused on putting the processes and 'building blocks' in place that were absent in early 2007 and these are now starting to make an impact.
- 3 Your auditors gave unqualified opinions on the Statements of Accounts and on the VFM conclusion.
- 4 For Use of Resources, the Authority has been assessed as performing adequately. Of the five themes included in the assessment, four (financial reporting, financial management, financial standing and value for money) were assessed as performing adequately and internal control was assessed as performing well. This represents clear improvements in a number of areas.
- 5 The arrangements for ensuring data quality were assessed as at minimum requirements. The Authority demonstrates a commitment to improving quality data.

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## Action needed by the Council

- 6 We recommend that the Council take the following actions.
  - The Council needs to respond positively to the recommendations set out in the recently published corporate assessment.
  - To monitor the impact on capacity of the pilot joint Chief Executive working arrangements and develop the business case for shared services.
  - The Council should ensure that it continues to monitor the delivery of its major projects and further embed the risk management process.
  - To consider the appropriate response in the current economic downturn for plans at Longbridge and for the town centre development.
  - To continue to improve value for money throughout the Council.

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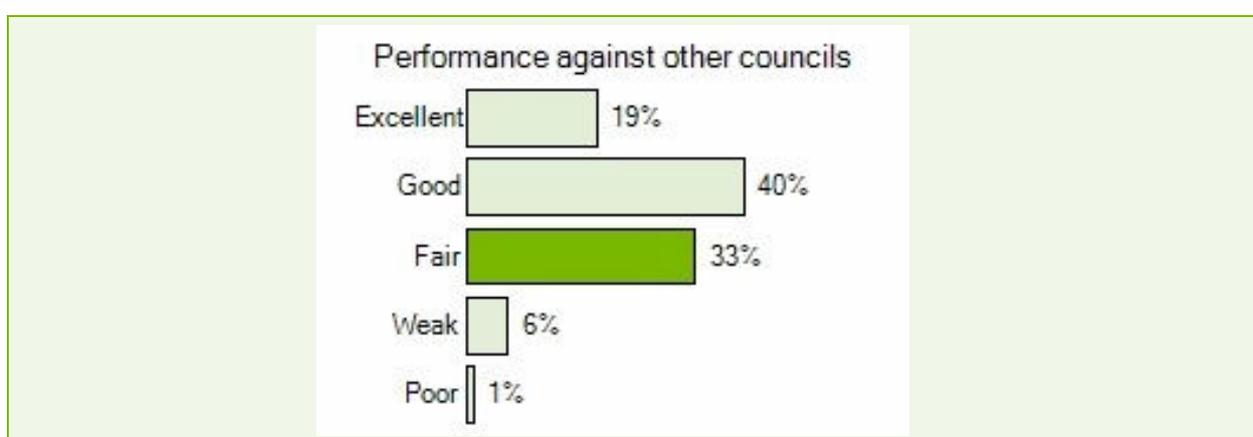
# Purpose, responsibilities and scope

- 7 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.
- 8 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.
- 9 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).
- 10 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.
- 11 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.
- 12 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 Bromsgrove District Council performing?

13 Bromsgrove District Council was assessed as Fair in the Comprehensive Performance Assessment carried out in 2009. The following chart is the latest position across all District Councils.

**Figure 1 Overall performance of District Councils in CPA**



Source: Audit Commission

## The improvement since last year - our Direction of Travel report

What evidence is there of the Council improving outcomes?

14 The Council has improved its performance across all services. In 2007/08, 79 per cent of national performance indicators (PIs) improved which is well above the average range for district councils. As a result of this improvement, Bromsgrove District Council is ranked as second out of 388 councils for the percentage of PIs improved in the last year. The Council did however start from a low base. It is now 275th out of 388 councils for the percentage of PIs improved in the last three years. 25 per cent of PIs are in the top quartile which is lower than the average at 33 per cent, but again represents an improving trend, and 50 per cent of PIs were above average performance. Value for money is improving, costs are at or above average and performance is improving.

## How is Bromsgrove District Council performing?

- 15** We carried out a Corporate Assessment during November 2008. This assessment details the context, achievements, improvement and priorities the Council has sought to deliver over the past 18 months to address and meet the need of its citizens, in co-operation with its partners. The Council was scored as fair against all categories except for prioritisation for which it was scored as good with the report acknowledging that Council services overall are significantly improving.
- 16** The Council's priorities for 2008/09 are: a thriving market town, housing; a sense of community; and clean streets and recycling. These reflect customer, stakeholders and staff ambitions. Customer service was a separate priority in the previous year but, after feedback from residents and staff, has been incorporated within the overall values of the Council.
- 17** The regeneration of the town centre is at an early stage and it remains a difficult and challenging project. An area action plan has been developed, and an issues and option paper completed. A joint County and District Council Project Board has been established for the town centre and a town centre project manager appointed. Negotiations to relocate the various emergency services to a new site thus freeing up sites in the town centre are underway although progress has been hampered by the listing of Parkside School. The shop mobility scheme opening hours have been extended. Plans to regenerate Longbridge are progressing; an area action plan has been prepared in association with Birmingham City Council and the County Council.
- 18** The Council's strategic housing service has improved. The service was re-inspected in 2008 and was given an improved scored of 'fair' with 'promising prospects for improvement'. A number of initiatives are helping to provide housing that meets local needs. The supply of affordable housing has increased (96 units in 2007/08, which exceeds the annual target of 80 units) though there is still a gap between supply and demand. The Council is using its own resources to help deliver affordable housing, for example land to support housing development and through grant funding for Bromsgrove District Housing Trust (BDHT). Affordable housing is being provided in rural areas such as the 15 units in Belbroughton. In addition funding has been approved to support the choice based lettings and Nightstop projects. The housing needs of the more vulnerable sections of the community are being addressed. Victims of domestic violence have increased access to housing. Joint working with the supporting people team has led to the planned closure of the refuge and the provision of five units of self contained accommodation, with an extended floating support service to increase service provision when needed. This is supplemented by a sanctuary scheme. The Council has invested £1 million in the provision of extra care units - an additional 27 units are currently being built in Charford.

## How is Bromsgrove District Council performing?

- 19** Customer service is improving. It is now easier for people to contact the Council by telephone, with the average call waiting time falling from 55 to 22 seconds between August 2007 and August 2008. Waiting times have continued to fall significantly (the latest figure for December 2008 is nine seconds) and the number of abandoned calls reducing from 33 to 6 per cent. More people are having their enquiries dealt with at the first point of contact (98 per cent) though some enquiries still have to be redirected to the specific service, for example planning queries. A pilot of enabled access to the benefits service has commenced with the aim to expand this if this is successful. Online access to services has also been improved, for example the Customer Service Centre provides access to the Choice Based Lettings Service via a public access PC.
- 20** People can now access the benefits service in more locations throughout the district. However, poor performance information about how long it takes to process a benefits claim or a change in circumstances meant that these indicators were qualified. People still have to wait longer than average for their benefit claim to be processed. Service standards have been developed. A customer complaints and compliments process has been put in place which is monitored regularly.
- 21** Access to Council services is improving. The Council has, in partnership with SCOPE, undertaken an accessibility audit of all Council buildings and polling stations in order to ensure that its services can be accessed. The Council has also developed a comprehensive Equality and Diversity training programme for all staff and elected members, with a particular emphasis on equipping front line staff with the knowledge and skills to help and support people with disabilities. The Council's waste collection service offers aid and assistance to people with specific assistance requirements. A telephone translation service can be used by staff and customers and the provision and use of hearing induction loops at the Council House have increased.
- 22** The Council embarked on an ICT spatial project eighteen months ago, and the first phase has now been completed. A number of new software systems have been implemented, for example in planning which gives members of the public easier access by being able to view and submit applications on-line. Web services have been enhanced so that people can pay their council tax and other payments on-line. Lessons learnt have been evaluated and the Council is now implementing the final phase of this project which aims to further improve the customer experience.
- 23** Shared services are in the early stages of delivery. The Council is now providing procurement to two other local councils, has transferred the payroll service to Redditch and has agreed to share Elections and Community Safety. A business case is being developed for further joint working / shared services between the two councils. In addition the Council is now able to offer help and support to other organisations in areas such as Equality and Diversity. Council officers already support Redditch Borough Council and the county wide 'Being Different Together' project and have hosted countywide training sessions to support parish councillors in understanding the wider equality and diversity agenda.

- 24** Better working with partners and the community is improving the sense of community. The 2008 Quality of Life Survey (unaudited) indicates that 64 per cent of residents felt Bromsgrove was a nice place to live with only 10 per cent reporting they felt they did not belong to their local area. Crime and disorder in Bromsgrove is reducing and a number of initiatives are addressing concerns about the fear of crime. For example, the Council has provided funding for CCTV in the town centre leading to a drop in car crime. Alcohol free zones in areas such as Alvechurch and Rubery and use of high visibility policing, community wardens and police community support officers have led to a decrease in crime in areas such as Waseley. Recent high profile incidents involving violent crime are being taken very seriously by the Council and are being actively discussed by all the partners on the Crime and Disorder Reduction partnership to reduce the likelihood of similar crimes reoccurring. Local neighbourhood partnerships are in place for two areas and are to be extended over the next three years to further encourage local decision making.
- 25** The needs of young people are being addressed with money from Worcestershire County Council's children's fund used to provide multi-use games areas in Charford and Sidemoor. A number of play provisions have been refurbished and updated. As a result of feedback from the Customer Panel, street theatre is now taken out across the whole District, whereas it was restricted to Bromsgrove town centre. Many young people were able to attend and feedback on their enjoyment of the events. The Council has, in line with the wider agenda to encourage greater democratic participation, delivered a range of activities to young people of school age and is committed to working with schools within the district in support of the citizenship aspects of the curriculum. There have been few outcomes delivered to meet the needs of the significant and increasing number of older people, however a number of mobility sessions for older people have been set up.
- 26** Partnership working is adding to the Council's capacity. Work with the Citizens Advice Bureau has led to improved services for the homeless, and work with BDHT has resulted in new floating support and preventative services for adults aged 18-25. As a result of this work Bromsgrove is now the West Midlands regional centre of excellence for youth homelessness.
- 27** The Council exceeded its statutory recycling and composting target. During 2007/08 the Council recycled 43 per cent of household waste collected. However, the overall amount of household waste collected per person remains relatively high, as do collection costs. Street cleanliness has improved. There have been changes to grass cutting and litter picking practices and the Council is working with the Probation Service to clear alleys in Rubery. The 2008 Quality of Life Survey (unaudited) indicates that 81 per cent of residents use the Council's recycling facilities and 84 per cent are satisfied with the recycling service. Four new 'bring banks' have been opened including the ability to recycle tetra packs. Awareness about recycling is improving with initiatives including waste stop shops which provide information, visits to 10 schools by the 'Recycler'- a hip hop rapping robot to promote recycling and visits to villages by the recycling bus.

## How is Bromsgrove District Council performing?

### Progress on implementing improvement plans to sustain future improvement

- 28** The Council is delivering improvements in line with most of its plans. The improvement plan, focused on areas raised in the 2007 corporate assessment and linked to priorities, has been closely monitored. Positive progress has been made and this is reflected in the improved corporate assessment rating of 'fair'. The delivery of the housing strategy continues, although issues around affordable housing remain. The Council is developing plans for the longer term to sustain future improvements, but these are not yet fully developed and embedded. The priorities have been refined for the Council Plan for 2008-2011, and financial planning has been aligned to these areas.
- 29** A robust performance management framework is in place and this had led to improvements in service delivery. There is regular performance monitoring and reporting of progress against the sustainable community strategy, council plan, Medium Term Financial Plan, improvement plan and service plans. Reports are clear and focused and include integrated financial and performance reporting leading to the allocation of resources to priorities such as affordable housing and customer services which has led to improved service delivery and performance. The staff appraisal system is used throughout the Council, and processes for engaging with and motivating staff are in place, for example 'ConnectwithKev' and team awards.
- 30** The Longbridge area action plan contains a provision for 35 per cent of the proposed 1,450 new homes to be affordable. The Council is seeking to increase its current proposed regional strategic housing allocation, by engaging with the West Midlands Regional Assembly and the Government Office for the West Midlands. However, until this matter is resolved the Council is not in a position to lift the moratorium on new housing development which is limiting the delivery of affordable housing. It is also responding to some of the challenges of the economic downturn by investigating options to purchase new flats which are not selling. It plans to use the Local Strategic Partnership's (LSP) Older People Project Group to provide a dialogue with older people, to feed their information into the Council and to provide a mechanism for departments to consult with older people. Plans are in place to build a high dependency toilet in 2009. This is in response to requests by the disabled user's forum and to provide more appropriate facilities for the town centre. The Council is working closely with Worcestershire PCT to roll out a falls rehabilitation programme in the district for older people early in the next financial year.
- 31** There is greater openness and willingness to listen and learn, leading to the Council playing a more positive role in local and regional partnerships. For example, the Council is now leading a group of councils to agree a single approach to negotiating with the new Homes and Communities Agency in respect of future housing provision and expenditure. The Council funds and has a service level agreement with the Bromsgrove and Redditch Network (BARN) a local voluntary sector infrastructure organisation which is part of the LSP and chairs the Older Persons Theme Group.

- 32** The Council's Chief Executive has recently been appointed as Acting Joint Chief Executive of Bromsgrove and Redditch. This has not impacted on leadership or capacity at Bromsgrove but it is too early to see the anticipated outcomes for Bromsgrove. Senior management and staff capacity have been enhanced. The Council sought help from the society of local authority chief executives to strengthen and recruit to the corporate management team (CMT). An additional executive director has been recruited and CMT and the Cabinet have worked together on two Top Team programmes run by the IDeA (Improvement and development agency). An organisational development team, use of a corporate training budget and a managers' training programme have all led to improved customer focus and service delivery. For example all officers, including frontline staff such as those carrying out waste collections, have received Customer First training leading to an improved quality of service and fewer complaints. Staff at the Customer Service Centre and refuse collection and recycling operatives have been encouraged to study for appropriate NVQ's.
- 33** The Council has a positive approach to engaging with black and minority ethnic groups and vulnerable groups. Input from the equalities and diversity forum has been effective in addressing some of their needs. The Forum successfully bid for Council funding to support Black History Month, Diwali and the Padstone Day Care Centre theatre event for people with learning disabilities. The Council is at Level 2 of the local government Equality Standard.
- 34** The approach to securing value for money is improving. Processes are in place and these are starting to deliver better outcomes in terms of value for money. Resource allocation is linked to priorities and the Council is clear that any service area that does not contribute to the delivery of the priorities is viewed as a non priority and may be required to find savings or have resources taken away and redirected to areas supporting delivery of the priorities. Performance and cost reporting are integrated. The Council has undertaken reviews of some services to identify ways to secure improvements. For example, a review of waste collection where costs are high found that the cost of operating and maintaining the current vehicle fleet was significantly higher than in other councils. In response, the Council has agreed an action plan to resolve this problem and a fleet of replacement vehicles has been ordered.
- 35** Governance arrangements are improving. Member capacity continues to improve. The Council is self aware and actively learns from others. The Council is committed to councillors being accredited within the Member Development Charter. The Constitution and all working practices remain under constant review to ensure that the decision making process is efficient and effective and reflects the way the organisation operates. There are concerns about the impact of job evaluation and staff turnover has risen as a result however the Council is taking steps to resolve this issue. The scale of the second phase of the ICT spatial project has now been agreed and the Council has taken a more flexible, affordable and resilient approach to the scope.

### Inspections

#### Comprehensive Performance Assessment

- 36** The Council was assessed under the Comprehensive Performance Assessment framework this year. The team concluded that the Council's performance overall is fair. Since the last CPA, the Council has made significant progress in addressing the weakness previously identified. Much of the work has focused on putting the processes and 'building blocks' in place that were absent in early 2007 and these are now starting to make an impact. Clear political and managerial leadership and a stronger corporate management team have led to a greater focus on improvement and priorities and these changes are recognised and valued by the community and partners.
- 37** The Council, together with its partners, now has clear ambitions for the community which are informed by community needs and aspirations. A framework of plans is in place linking local and county wide ambitions and these are underpinned by business plans, team plans and individual personal appraisals to ensure a greater focus on delivery. The key priorities underpinning the vision have been refined and now better reflect customer, stakeholder and staff ambitions. Consultation and engagement has included work with a wide range of stakeholders including minority and vulnerable individuals and groups.
- 38** Political and managerial leadership is strong and gaining respect from the community and partners. This is leading to more effective partnership working. The internal working of the Council has improved with codes of conduct to clarify roles and responsibilities and there is a greater level of trust between councillors and officers. An adequate level of financial management is now in place. However some improvements are new and it is too early to see the impact - for example in procurement and ICT.
- 39** Improved management of performance and service delivery is securing improvement in services. Regular integrated reporting of performance and financial information is now in place. Improvement in performance is notable but this has, in many instances, been from a very low base and overall performance remains well below that of other councils. Scrutiny is ineffective.
- 40** Plans to regenerate the town centre are at an early stage. The Council's strategic housing service has improved and a variety of initiatives are helping to deliver housing to meet local needs. Customer service has been improved. Improved working with partners and local people is enhancing the sense of community. Crime levels are reducing. The needs of young people are being addressed though it is less clear what outcomes are being achieved for an increasing number of older people.
- 41** There were three specific areas identified for improvement:
- The Council should strengthen its customer focus so that its actions meet the needs of its community:
    - A culture of customer focus should be fully established at all levels within the Council.

## How is Bromsgrove District Council performing?

- Strategies, contracts, project specifications and business plans and accompanying action plans need to have clearly identified outcomes that the public would recognise, to deliver the outcomes intended.
- To ensure the Council maintains its improvement journey and to make the best use of resources and ensure a focus on priorities, the Council should:
  - develop further its workforce planning by undertaking a comprehensive skills audit to identify and address any gaps;
  - undertake routine evaluation of all projects, initiatives and partnerships to ensure that the Council's resources make the most impact and deliver the best value for money; and
  - strengthen the scrutiny function to ensure robust and constructive challenge of performance, plans and decisions, including their direct and indirect consequences, so that priorities are delivered fully and not unintentionally undermined.
- Improve external communication by:
  - regularly checking that the community understands the Council's messages and information. This will help the public know what services are offered by the Council and allow the Council to highlight what it has achieved.
  - providing, clear and regular information updates on progress, especially for longer term projects such as the town centre.

### Strategic Housing Inspection

- 42** This inspection looked at the Council's strategic housing service. The team concluded that it is a fair, one-star service which has promising prospects for improvement. This represents a significant improvement from 2006, when the service was assessed as being a poor, zero-star service with uncertain prospects for improvement.
- 43** The Customer Service Centre provides an effective, one-stop shop service and supports a streamlined housing advice service for customers. Services are accessible to people with physical disabilities, and customers can access advice outside normal office hours. The Council has improved both accessibility to supported accommodation and the quality of service provision for victims of domestic violence. The strategic approach to housing has increased the supply of affordable housing and is working to overcome constraints on supply. The Council is using an effective range of tools to prevent homelessness, and has decommissioned poor quality hostels.
- 44** Since the last inspection, the Council has delivered a range of improvements in service delivery and performance. Delivery of priorities is supported by integrated financial and performance management, although some gaps remain in what is being monitored. The Council has invested in priority areas to improve performance, and is effectively securing external funding to help it deliver its plans, although it has not yet assessed the impact of its own and external investment.

## How is Bromsgrove District Council performing?

45 There were five specific areas identified for improvement:

- Improve the focus on the customer to ensure that customers are able to access the generic and specialist housing advice services in a timely way and that any changes in demand or resourcing required are more readily identified. To use customer feedback about the service through complaints and satisfaction information to improve services and make sure that customers know what level of service they should receive and can see how the service is performing against agreed standards.
- Improve the focus on diversity to ensure that services are accessible to all parts of the community and are delivered fairly to all customers.
- Maximise the impact of activities in the private sector so that customers benefit from improved standards in the private sector and the private sector improves its contribution to meeting housing need.
- Maximise the delivery of affordable housing so that effective guidance, skills, tools and practices are in place to support delivery of new affordable housing; and
- Improve value for money to ensure that resources are maximised and better information is produced on which to base decisions and planned improvements.

# The audit of the accounts and value for money

- 46** Your appointed auditor reported in the Annual Governance Report separately to the Audit Committee on the issues arising from the 2007/08 audit and has issued the following:
- an audit report, comprising an unqualified opinion on your accounts and a conclusion on your value for money arrangements to say that these arrangements are adequate on 30th September 2008; and
  - a report on the Best Value Performance Plan confirming that the Plan has been audited and complies with statutory requirements. KPMG LLP reported on the best value performance plan in December 2007.
- 47** The opinion on your accounts was unqualified and the use of resources conclusion reported that arrangements in place are adequate. At the same time as giving an opinion on the Council's accounts, your auditor issued an audit certificate, which marks the conclusion of her statutory responsibilities for the year. Your auditor also reviewed the Council's Whole of Government Accounts submission and concluded that it was consistent with the statutory accounts. The Annual Governance Report presented to the Audit Committee on the 29th September 2008 provides further detail on the findings and recommendations arising from the audit.
- 48** The value for money conclusion and Use of Resources assessment was informed by a review of data quality at the Council using a methodology developed by the Audit Commission. Overall the Council's arrangements for data quality were considered to be adequate, as described further below.

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## Use of Resources

- 49** 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).

## The audit of the accounts and value for money

- 50** Your auditors completed the scored judgement on the Council's use of resources. This assesses the Council against key lines of enquiry (KLOEs) specified by the Audit Commission, on which the Council is scored on a scale between 1 (below minimum requirements) and 4 (performing strongly). The scores are reviewed by local and national quality control processes to ensure consistency in scoring with other auditors and authorities.
- 51** In keeping with the Audit Commission's aim of being a driver for continuous improvement the use of resources assessment has been more challenging than previously.
- 52** Your auditor assessed the Council's arrangements as adequate, giving an overall score of 2. This shows that the performance of the previous year's assessment has been sustained. In addition your auditor noted clear improvements in a number of areas of the assessment, including the management of significant business risks, arrangements to maintain a sound system of internal control, the achievement of good value for money and the promotion of external accountability.
- 53** 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**

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

Note: 1 – lowest, 4 = highest

### Financial Reporting

- 54** The statements presented for audit contained several errors which were amended by the Council. The working papers presented with the financial statements were in general good and requests for additional information were responded to promptly. The papers prepared in respect of the capital entries were identified as an area for improvement. Another improvement area would be the publication of an explanation of key financial information and technical terms to aid understanding by members of the public.
- 55** The Council considers a range of stakeholder views in the publication of its annual report using a Financial Group following a 'Snap' survey.

### Financial Management

- 56** The Council has in place a Medium Term Financial Strategy based on appropriate assumptions. Budgetary control was satisfactory as were arrangements for the management of physical assets. Business planning is linked to your financial planning and management but improvement areas would be including sensitivity analysis and improving linkages with other internal strategies and plans for example Human Resources and IT as well as developing operational activity indicators.
- 57** The arrangements for the monitoring of financial information against budget are adequate but there are limited flexible reporting facilities requiring the use of spreadsheets outside of the main accounting system. The use of improved financial variance management systems would reduce departmental overheads. Another improvement area is in the maintenance of records of all of its land and buildings to support decision making on investment and disinvestment in property.

### Financial Standing

- 58** The Council set a balanced budget and manages its spending within available resources. There is a policy on the level and nature of reserves and balances approved by members, with the levels monitored and maintained in accordance with this policy. An improvement area is that as the Council's circumstances change this policy should be updated to take into account current needs and risks.
- 59** Targets are set and performance monitored for all material categories of income collection and recovery of arrears, based on age profile of debt. An area for improvement is the continuation of the evaluation of the effectiveness of recovery actions, associated costs and the cost of not recovering debt promptly for material categories of income.

### Internal Control

- 60** There are good systems of internal control within the Council. The Council has in place a risk management process which continues to be embedded in business processes.

### Value for Money

- 61** The Council has demonstrated that it is committed to improving value for money. Processes are being improved to deliver value for money and these are becoming embedded throughout the Council. The Council's spend is relatively high compared to others and satisfaction is average or lower than average. The Council has improved its understanding of the reasons behind this.
- 62** Information on costs is improving and being used to redesign service provision. The Council has in place an ambitious spatial project which aims to use IT to deliver value for money for the Council and improve access to services. There have been improvements in procurement processes which take into account whole life costs and sustainable outcomes.

## The audit of the accounts and value for money

### The key issues arising from the audit

- 63** The opinion on your accounts was unqualified and the use of resources conclusion reported that arrangements in place are adequate. At the same time as giving an opinion on the Council's accounts, your auditor issued an audit certificate, which marks the conclusion of her statutory responsibilities for the year. Your auditor also reviewed the Council's Whole of Government Accounts submission and concluded that it was consistent with the statutory accounts. The Annual Governance Report presented to the Audit Board on the 29 September 2008 provides further detail on the findings and recommendations arising from the audit.
- 64** As part of the value for money conclusion work and work undertaken on the Use of Resources assessment the Council's Data Quality arrangements were reviewed. Overall it was found that these arrangements now meet minimum requirements and are improved from the previous year although it was found that 2 of the 3 performance indicators tested were found to be unfairly stated. The review of these arrangements is shown in Appendix 1.

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# Looking ahead

- 65** 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.
- 66** 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.
- 67** 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.

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# Closing remarks

- 68** This letter has been discussed and agreed with officers from the Council. A copy of the letter will be presented at the Audit Board on 16 March 2009. Copies need to be provided to all Council members.
- 69** 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.

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**Table 2      Reports issued**

<b>Report</b>	<b>Date of issue</b>
Audit and inspection plan	October 2007
Annual Governance Report	September 2008
Opinion on financial statements	September 2008
Value for money conclusion	September 2008
Use of Resources report - Draft	December 2008
Corporate Performance Assessment Report	March 2009
Annual audit and inspection letter	March 2009

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- 70** 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.

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## Availability of this letter

- 71** 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.

Mary-Ann Bruce

**Comprehensive Area Assessment Lead**

March 2009

# Appendix 1 - Data Quality

- 1 Our work on data quality is complemented by the Audit Commission's paper, 'Improving information to support decision making: standards for better quality data'. This paper sets out standards, for adoption on a voluntary basis, to support improvement in data quality. The expected impact of the Audit Commission's work on data quality is that it will drive improvement in the quality of local government performance information, leading to greater confidence in the supporting data on which performance assessments are based.

## Scope of our work

- 2 We have followed the Audit Commission's three-stage approach to the review of data quality as set out in Table 3.

**Table 3 Data quality approach**

Stage 1	<p>Management arrangements</p> <p>A review using key lines of enquiry (KLOE) to determine whether proper corporate management arrangements for data quality are in place, and whether these are being applied in practice. The findings contribute to the auditor's conclusion under the Code of Audit Practice on the Council's arrangements to secure value for money (the VFM conclusion).</p>
Stage 2	<p>Analytical review</p> <p>An analytical review of 2007/08 BVPI and non-BVPI data and selection of a sample for testing based on risk assessment.</p>
Stage 3	<p>Data quality spot checks</p> <p>In-depth review of a sample of 2007/08 PIs all of which came from a list of specified BVPIs used in CPA, to determine whether arrangements to secure data quality are delivering accurate, timely and accessible information in practice. For 2007/08 PI spot checks, the Audit Commission specified that it is compulsory to review two housing benefits PIs at all single tier and district Councils as a minimum.</p>

## Summary conclusions

### Stage 1 – Management arrangements

- 3 The Council's overall management arrangements for ensuring data quality are at minimum requirements.

## Appendix 1 – Data Quality

- 4 The Council have allocated responsibility for DQ appropriately at senior management and operational levels, with a dedicated officer responsible for ensuring the long term objective of achieving DQ level 4 by 2011 and with each PI having assigned to it a lead officer in respect of data quality. The performance champions group are responsible for ensuring that all PI's prepared or managed by the Department have a PI owner and Deputy and an up to date PI procedure note.

### Stage 2 – Analytical review

- 5 Our analytical review work at Stage 2 identified that the PI values reviewed fell within expected ranges and were substantiated by evidence

### Stage 3 – Data quality spot checks

- 6 A review and spot checks of the following PIs was undertaken
  - Processing new claims HB/CTB BV 78a
  - Processing change of circumstances HB/CTB BV78b
  - Cleanliness of public spaces BV199.
- 7 This found that both BV78a and BV78b were unfairly stated. This was because the Council had used either an incorrect start date for the calculation of the indicator or we were unable to obtain evidence to identify the date the claim was received at the designated office.
- 8 For the cleanliness of public spaces BV199 the review was able to conclude that it was fairly stated.
- 9 Our follow up work from last year found that overall there had been improvements such that the Council meets the minimum requirements.

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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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Our ref LC/jh/dmg/fee0910BDC

6 March 2009

Mr K Dicks  
Chief Executive  
Bromsgrove District Council  
The Council House  
Burcot Lane  
Bromsgrove  
Worcestershire  
B60 1AA

**Direct line** 0844 798 7552

Dear Kevin

### Annual audit fee 2009/10

Further to our discussions, I am writing to confirm the audit work that we propose to undertake for the 2009/10 financial year at Bromsgrove District Council. The fee:

- is based on the risk-based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission for 2009/10; and
- reflects only the audit element of our work, excluding any inspection and assessment fees. Your Comprehensive Area Assessment Lead will be writing to you separately on inspection fees.

As I have not yet completed my audit for 2008/09 the audit planning process for 2009/10, including the risk assessment will continue as the year progresses and fees will be reviewed and updated as necessary.

The total indicative fee for the audit for 2009/10 is for £99,930 (exclusive of VAT) which compares to the planned fee of £112,840 for 2008/09. A summary of this is shown in the table below.

### Audit fee

<b>Audit area</b>	<b>Planned fee 2009/10</b>	<b>Planned fee 2008/09</b>
	<b>£</b>	<b>£</b>
Financial statements (inclusive of Whole of Government Accounts)	65,590	67,040
Use of Resources/VFM Conclusion (including risk based work)	34,340	45,800
<b>Total audit fee</b>	<b>£99,930</b>	<b>£112,840</b>

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T 0844 798 7550 F 0844 798 7592 [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

The Audit Commission has published its work programme and scales of fees 2009/10. The scale fee for Bromsgrove District Council is £93,296. The fee proposed for 2009/10 is 7.1 per cent above the scale fee.

In setting the fee at this level, I have assumed that the general level of risk in relation to the audit of the financial statements is not significantly different from that identified to 2008/09. A separate plan for the audit of the financial statements will be issued in December 2009. This will detail the risks identified, planned audit procedures and any changes in fee. If I need to make any significant amendments to the audit fee during the course of the audit, I will first discuss this with the Chief Executive and then prepare a report outlining the reasons why the fee needs to change for discussion with the Audit Board.

My use of resources assessments will be based upon the evidence from three themes:

- Managing finances;
- Governing the business; and
- Managing resources.

The key lines of enquiry specified for the assessment are set out in the Audit Commission's work programme and scales of fees 2009/10. My work on use of resources informs my 2009/10 value for money conclusion.

There are three significant risks which I have identified which has been reflected in the above fee and these are:

- The introduction of IFRS accounting for 2009/10 with the transition date of 1<sup>st</sup> April 2009;
- The proposal for shared services including a Joint Chief Executive with Redditch Borough Council; and
- Management of waste at both district and county level.

I will issue a number of reports relating to my work over the course of the audit. These are listed at Appendix 1.

We plan to undertake a cross cutting review of Waste Management arrangements across Herefordshire and Worcestershire and the above fee includes a contribution of a couple of days to this review.

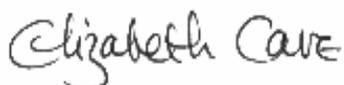
The above fee excludes any work requested by you that the Commission may agree to undertake using its advice and assistance powers. Each piece of work will be separately negotiated and a detailed project specification agreed with you.

The key members of the audit team for the 2009/10 are:

Audit Manager	–	Joan Hill	0844 798 7568
Team Leader	–	Christine Colls	0844 798 7558
Performance Specialist	–	Jane Matheson	0844 798 7570

I am committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact the West Midlands sub Region Head of Operations, Phil Jones.

Yours sincerely



Elizabeth Cave  
District Auditor

cc Jayne Pickering – Head of Financial Services

cc Chair of the Audit Committee

The Business Centre  
Blackpole Road  
Worcester  
WR3 8SQ

## Appendix 1: Planned outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the Audit committee.

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**Table 1**

<b>Planned output</b>	<b>Indicative date</b>
Audit plan	December 2009
Annual governance report	September 2010
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2010
Use of resources report	October 2010
Whole of Government Accounts	October 2010
Annual audit letter	November 2010