

Annual Audit and Inspection Letter

Breckland 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 main messages for the Council included in this Annual Audit and Inspection Letter are as follows.
 - Breckland Council is continuing to improve its performance although the rate of improvement has slowed. A higher than average proportion of the Council's performance indicators are amongst the best performers and most local priorities are being effectively tackled.
 - Crime levels are generally decreasing and the Council is showing stronger community leadership. Services are becoming more accessible to different groups within the community, and better tailored to their needs.
 - Strategic planning is strengthening with clear links being made between corporate, community and county plans. Performance management is robust and the Council has the capacity to deliver its plans.
 - We issued an unqualified audit opinion on the 2007/08 statement of accounts and certified the completion of the audit.
 - We concluded that, in all significant respects, the Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2008.
 - We assessed the Council as performing at level 3 in our 'use of resources' judgement which is a significant improvement and indicates the Council is performing well.

Action needed by the Council

- 2 We recommend that the Council:
 - continues to implement improvement plans to meet its key service priorities including those highlighted in the direction of travel report;
 - exercises strong governance and financial management to combat the pressures brought about by the current economic climate; and
 - continues to exercise strong governance through the period of uncertainty as the proposals for Norfolk local government re-organisation are clarified.

Purpose, responsibilities and scope

- 3 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.
- 4 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.
- 5 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.
- 6 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.
- 7 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.
- 8 We have listed the reports issued to the Council relating to 2007/08 audit at the end of this letter.

How is Breckland Council performing?

- 9 Breckland Council was assessed as Good in the Comprehensive Performance Assessment carried out in 2003. 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. 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

Summary

- 10 Breckland Council is continuing to improve its performance although the rate of improvement has slowed. A higher than average proportion of the Council's performance indicators are amongst the best performers and most local priorities are being effectively tackled. Crime levels are generally decreasing and the Council is showing stronger community leadership. Services are becoming more accessible to different groups within the community, and better tailored to their needs. The Council's use of its resources, and the value for money that it secures, have improved and are now good.
- 11 Strategic planning is strengthening with clear links being made between corporate, community and county plans. Performance management is robust and the Council has the capacity to deliver its plans.

What evidence is there of the Council improving outcomes?

- 12** Breckland Council had 43 per cent of its PIs amongst the highest performing for district councils in 2007/08. This is 10 per cent above the national average. However the rate of improvement slowed to below average compared to district councils nationally, with 54 percent of its performance indicators (PIs) showing improvement.
- 13** The Council's business plan was refreshed in 2008 to reflect local residents' changing priorities. Its main aims for 2008 to 2014 are as follows.
- Building safer and stronger communities.
 - Prosperous communities.
 - Environment.
 - Delivering the entrepreneurial Council.
 - Your Council, your services.
- 14** Levels of crime are generally amongst the lowest for comparable areas and decreasing. The exception is the number of robberies, which showed a slight increase in 2007/08, but still remained below average. Overall fear of crime is low and declining, although there was a slight increase regarding fear of robbery. There is a strong partnership with the police which is effectively tackling anti-social behaviour at a local level, for example by creating a respect zone at a car park in Dereham. The Council is beginning to look at new approaches to community cohesion and is supporting a special government pilot project to look at specific cohesion initiatives in Thetford. A number of community events have been organised under the 'Pride in Breckland' banner, but it is not clear what impact this has had on achieving the Council's main aims. Residents continue to enjoy living in a generally very safe environment.
- 15** The Council continues to support the development of local businesses. Small grants to fledgling businesses are linked to advice and training packages through Business Link or other business support services. There is an online directory of local businesses and a new grant finder toolkit has helped over 100 businesses with funding and business support. The Shop Independent campaign encourages residents to use local shops and presents an award to the best independent shop in each of the five market towns. Co-ordinated support is given by the Council and partner agencies to businesses that are running into difficulties. However, in 2007/08 the Council was amongst the worst performers for payment of invoices, which could impact on its local suppliers. Initial problems with a new electronic ordering system regarding invoice payments have been addressed. Performance has been closely monitored and is improving. Despite a focus on the local economy, unemployment levels within the district were close to the average for the region in 2008. Support has been provided to specific areas and business sectors, for example through the major Rural Enterprise Valley project. This has been completed and met most of its aims in terms of support for the motor sport and advanced engineering sector based along the A11 corridor. Outcomes have been the sharing of best practice, increased turnover and creation of a substantial number of jobs.

How is Breckland Council performing?

- 16** Council performance in helping to ensure sufficient affordable decent housing and dealing with homelessness has been mixed. The Council seeks to secure a decent standard of housing across the district as part of its 'prosperous communities' aim, and has been successful in increasing the number of affordable homes being built. This more than doubled in 2007/08 with 161 dwellings completed – well above the average for district councils. Working with a registered social landlord and buying properties from developers has secured over 100 affordable properties in the last year. The Council has provided grants to encourage property owners to redevelop their vacant properties, but the percentage of private sector homes vacant for six months or more was worse than the district council average in 2007/08.
- 17** The Council continues to strengthen and improve its homelessness and housing advice services. For example the development of a number of key partnerships and schemes such as the YMCA 'Nightstop' and education programme, Stonham Housing Support, Intensive money advice services with the Citizens Advice Bureau and the mortgage rescue scheme.
- 18** The impact of this work means that despite a large increase in the number of households approaching the Council for assistance, the number of homelessness applications is falling. In 2007/08 the number of households accepted as priority homeless decreased, but was still above the national average. A higher than average number of households were in temporary accommodation (although this had decreased). The average length of stay in hostel accommodation was worse than the national average. Despite the Council's efforts, homelessness remains a challenge.
- 19** The Council has performed well in terms of waste recycling, retaining its position amongst the highest performers with an increase to nearly 42 per cent recycled in 2007/08. Kerbside collection is provided for all residents and recycling is actively promoted, such as through coffee mornings for older residents and a 'recycling wheel' handout that helps householders easily identify what can be recycled and where. The cost of waste collection remained very low compared to other district councils, and the amount of waste generated decreased slightly and is lower than average. Fly-posting and graffiti remain very low, and the amount of litter decreased to about the average for district councils. The Council is continuing to work towards greater protection of the global and local environment. The new Environmental Strategy 2008 to 2013 has the over-arching aim of making the district carbon neutral. Initiatives in the current year include reviewing and adjusting collection routes resulting in a reduction in the mileage of refuse vehicles, and investigation of the potential for the Council offices to be powered by a wind turbine. A clean and attractive environment is being sustained.

- 20** The Council's use of its resources, and the value for money that it secures, have improved and are now good. Generally above average levels of performance are being secured from overall average service costs. The cost-effectiveness of enterprises, such as the proposed wind turbine, is carefully evaluated. The Council ensures that it secures the required level of performance from expenditure, for example a proportion of the waste contractor's monthly fee is linked to an independent survey of customer satisfaction with the service. A public finance initiative has successfully secured the rebuild and refresh of leisure facilities and the contract is securing high levels of participation and of service quality. The efficiency and quality of services, such as revenues and benefits has been acknowledged by external awards. The Council owns a wide portfolio of commercial premises and the rent generated through effective management is helping to keep down the level of local council tax. Efficient and cost effective services have been secured through the business-like approach.
- 21** The Council is strengthening its community leadership role, and securing the increased community involvement. It is developing its 'Your Council, your services' aim, for example through community forums. These are being established in all five of the market towns, with the first, in Thetford, being regularly attended by about 370 residents. Councillors take up the issues raised in the forums, for example approaching the Learning Skills Council with proposals for further education provision in the town. The Council has made it easier for local people to hold it to account with the publication of a 'Neighbourhood Charter' setting out the standard of service, as agreed with residents, that they can expect it to provide. This is strengthening local democracy, empowering communities and increasing the profile of their councillors.
- 22** Diversity and equality issues are being increasingly addressed and the Council is amongst the best performers regarding its duty to promote racial equality. In 2008 it hosted a major conference on engagement and support for migrant communities, and is working with partners to identify the health needs of this group of people. Services have been made more accessible to minority groups, for example through a recycling leaflet in Polish. The Council has achieved level 2 of the local government equality standard, and it is working with a local disability action group to prioritise service areas where there are barriers to access for people with disabilities. Members of the group are being trained to review the Council's equality impact assessments and to identify any gaps. Identified weaknesses regarding equality and diversity have been addressed, for example cultural services now more effectively cater for older people, such as through the 'Green gym' programme of walks and other physical activity. Services are becoming more accessible to different groups within the community, and better tailored to their needs.
- 23** The Council continues to deliver effective services that support people on restricted incomes. For example the speed with which new housing benefit claims and changes in circumstances are processed is amongst the best in the country. In addition the accuracy of this service is very high. Such high performing services are supporting people in vulnerable circumstances in the economic downturn.

How is Breckland Council performing?

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

- 24** Linkages between key plans have been strengthened. A sustainable communities strategy that identifies the priorities of the local strategic partnership was developed alongside the local development framework, using joint consultation and evidence collection under the direction of a joint steering group. The business plan now takes into account local area agreement targets and indicators. Links to Council and/or county priorities are required for all activities in service plans. Targets for each of the Council's five main aims, service specific and cross-cutting targets, and the local area agreement targets are all clearly captured in the annual delivery plan. This helps identify variances such as in participation in sport where Norfolk is on target but Breckland is below target. This joined up approach demonstrates stronger partnership working and helps ensure that service delivery contributes to meeting corporate, community and countywide priorities.
- 25** Performance management continues to be robust. The careful monitoring, regular reporting and thorough scrutiny and challenge support the Council in identifying areas for improvement. For example scrutiny in the 'performance clinic' identified that some of the complaints received are avoidable. This has resulted in changes such as through council tax letters being written more clearly. The existing performance management arrangements are extending to include a more comprehensive approach to risk management and to cover input to the local area agreement.
- 26** Capacity is being strengthened. The appraisal system is now clearer and more streamlined. Increments have been replaced by performance related pay, with the expected competencies and performance clearly specified for each individual. However, sickness absence has been increasing year on year and was worse than average in 2007/08. Review by the performance clinic led to a policy for tackling this area. Implementation started in May 2008, with training for all staff and the introduction of interviews on return to work after short term absences. Longer term sickness has been tackled for example by referral to occupational health. This has helped identify issues such as workplace stresses that have been addressed, leading to the individuals' successful return to work. The approach has been supportive and no members of staff have left as a result of the process. Council data indicates that overall sickness levels are now significantly reduced.
- 27** The approach to training has improved with the pooling of individual service budgets and appointment of a training officer. Training is provided to support the core competencies for officers and for councillors. Lower training costs have been secured by working with partners, for example leadership and organisational training with RAF Marham. The Council was recently awarded the Member Development Charter in recognition of its provision of the support, skills and training councillors need in order to develop and effectively manage their local communities.
- 28** Norfolk is currently subject to a review by the Boundary Committee into the future of local government across the county. Whilst the outcome of this review has been delayed and will not be known for some time, it is inevitably drawing on the capacity of officers, councillors and partners. There is a risk that improvement levels may not be sustained going forward.

The audit of the accounts and value for money

- 29** Your appointed auditor has reported separately to the Audit Committee 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; and
 - a report on the Best Value Performance Plan confirming that the Plan has been audited.

Use of Resources

- 30** 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).
- 31** For the purposes of the CPA we have assessed the Council's arrangements for use of resources in these five areas as outlined in Table 1.

Table 1

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

Note: 1 – lowest, 4 = highest

The key issues arising from the audit

- 32** The Council made significant improvements in its use of resources assessed performance in 2007/08. The improved scores resulted in part from the establishment of an audit committee to strengthen governance arrangements and the continued development and embedding of risk management arrangements in day-to-day management of the authority.
- 33** During the course of our use of resources work the economic climate brought about the collapse of three Icelandic Banks in which the Council had invested £12 million. Administration processes are now in place for all three banks and information is awaited regarding the amount and timing of any repayments of the investments. Officers are considering the impact of loss of interest and the potential loss of the investments on the Council's reserves and how to mitigate this risk.

Looking ahead

- 34** 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.
- 35** 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.
- 36** The first results of our work on CAA will be published in the autumn of 2009. This will include the performance data from 2008/09, the first year of the new National Indicator Set and key aspects of each area's Local Area Agreement.

Closing remarks

- 37** This letter has been discussed and agreed with Chief Executive. A copy of the letter will be presented at the Cabinet. Copies need to be provided to all Council members.
- 38** 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	March 2007
Annual Governance Report	September 2008
Opinion on financial statements	September 2008
Value for money conclusion	September 2008
Annual audit and inspection letter	March 2009

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- 39** 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

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

Sue Jewkes
Comprehensive Area Assessment Lead (CAAL)

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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