

Annual Audit and Inspection Letter

South Bucks 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.
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Key messages

- 1 On the basis of the Audit Commission's basket of performance indicators (PIs), South Bucks District Council has improved its performance better than most district councils. The Council now has 40 per cent of its PIs amongst the best for district councils. This is well above the district council average of 33 per cent.
- 2 Progress against the Council's priorities is good in many areas with impressive improvement in development control and housing. However the Council needs to find further ways with partners to reduce elements of crime and to ensure that benefit payments are consistently delivered quickly.
- 3 The audit of the 2007/08 financial statements is substantially finished but cannot be finalised until issues relating to the status of land at Farnham Park are resolved. These issues may impact on the financial statements and the audit opinion on the accounts.
- 4 The Council has improved the way it runs its business. This is reflected in our use of resources assessment which shows an overall improvement in the Council's arrangements for its use of resources.

Action needed by the Council

- 5 Address improvements detailed in this letter and in particular housing benefits and crime.
- 6 Continue to demonstrate clear community leadership and prioritisation of services for those residents made vulnerable by their circumstances. This will be more important given the need to manage budget shortfalls and protect core public services in the face of the economic recession.

Purpose, responsibilities and scope

- 7** This report provides an overall summary of the Audit Commission's assessment of the Council. It draws on audit and inspection work carried out in 2008 and uses an analysis of the Council's performance and improvement over the last year. It comments on improvements made in the services provided and on the way the Council manages its resources.
- 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. (In addition the Council is planning to publish it on its website).
- 10** Your appointed auditor, Mick West 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, he 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** 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 South Bucks District Council performing?

The improvement since last year - our Direction of Travel report

- 12** On the basis of the Audit Commission's basket of performance indicators (PIs), the Council has improved its performance better than most district councils. It has improved 63 per cent of its PIs between 2006/07 and 2007/08, better than the 57 to 59 per cent average for district councils. The Council has improved the same proportion of PIs over the last three years which shows that the Council has improved consistently. The Council now has 40 per cent of its PIs amongst the best for district councils. This is well above the district council average of 33 per cent.
- 13** The Council's five strategic aims are set out in its 2008/18 corporate plan. They are:
- a thriving and sustainable district, which protects the greenbelt and character of the area and enhances the quality of the built environment;
 - falling crime and fear of crime through joint working with the Police and others;
 - a rise in quality of life for all by leading our community and partners to provide better housing, amenities and services;
 - a cleaner environment: supporting a sustainable district for future generations; and
 - value for money services driven by customer participation.
- 14** The following paragraphs outline the Council's progress on each aim.

A thriving and sustainable district

- 15** The Council is making steady progress on the Core Strategy of its Local Development Framework to guide its future planning policies. It has prepared a Residential Design Guide to ensure that development reflects the character of the locality and is sustainable. The Council has continued to review Conservation Areas and to prepare high quality Character Appraisals to ensure that development respects and enhances the special architectural and historic qualities of the area.
- 16** The Council continues to be one of the country's top performers in the speed with which it deals with planning applications. Some 97 per cent of major, 95 per cent of minor, and 97 per cent of other applications were dealt with within the target timeframes in 2007/08. In the first nine months of 2008/09 processing of minor and other planning applications continued to be timely. However processing of major planning applications was slower mainly because four major applications have been referred to the Secretary of State as they are departures from the local development plan.

17 In 2007/08 the proportion of appeals allowed against the Council's planning decisions was amongst the lowest in the country at 25 per cent. This was considerably better than the 32 per cent in 2006/07 and the proportion has fallen to 22 per cent in the first nine months of 2008/09.

Falling crime and fear of crime

18 Crime rates have fallen over the last three years but some have risen in 2008/09. Over the three years to 2007/08 there was an 18 per cent reduction in overall crime in South Bucks, including a 27 per cent reduction in domestic burglary and a 44 per cent reduction in vehicle crime. However non-domestic violence and domestic abuse increased during this period and in the first nine months of 2008/09 rates of serious acquisitive crime and assault with injury increased over the year before.

19 Rates of crime are relatively high. For example in 2007/08:

- the area had worse than average overall crime levels compared to similar areas;
- levels of crime relative to population was nearly twice as high as in one of its neighbouring areas;
- South Bucks had the highest rates of serious acquisitive crime and racially or religiously motivated crime in Buckinghamshire; and
- in the 12 months to September 2008 South Bucks had higher rates of assault with less serious injury and serious violence than most similar areas

A rise in quality of life

20 The Council is improving its housing services faster than most councils. It improved 83 per cent of its housing PIs in 2007/08 which is among the best levels of improvement in district councils. It now has 67 per cent of its housing PIs among the best, double the average for district councils and approximately 85 per cent of its PIs are above average.

21 In 2007/8 it also increased the number of affordable dwellings built to 33, compared to 16 in 2006/07 and a target of 31 for 2007/08. The Housing Services Team helped obtain Housing Corporation funding of over £2.5 million for 43 new units for affordable rent over the next two years. It also reflected the need for smaller dwellings in that 48 per cent of planning permissions for new dwellings were for one or two bedroom units. This broadens the range and choice of houses for people.

22 However the number of households in temporary accommodation at the end of September was slightly higher than the Council's target. Also in the first nine months of 2008/09 the Council was well below its own targets and worse than 2007/08 for the time it took to process both new housing benefit claims and changes of circumstances. In the economic recession, slow processing of change of circumstances benefits is a major concern as payments will be later than they should be. The Council picked this poor performance up through its checks and has recently speeded up payments.

How is South Bucks District Council performing?

- 23** Customer satisfaction with leisure facilities has increased. Customer satisfaction was over 80 per cent at the Sports Centres and the Golf Course. This shows that the Council provides facilities and services meet residents' needs and help residents achieve a healthy lifestyle. The Council has also completed work on improving Farnham Park Golf Course.
- 24** The Council is helping improve community involvement. It awarded over £24,000 Community Development and Playground Grants to local groups to help fund events to bring communities together. The funding also helped purchase equipment to improve youth clubs, playgrounds and sports clubs and give greater access to activities and recreation. The Council's Chairman continues to hold an annual Community and Volunteering Awards Reception to recognise the work of the many community and voluntary organisations. The Council took part in the May 2007 Elections Pilot which included successful national piloting of new initiatives for on-line and telephone voting, paving the way for alternative voting methods.

A cleaner environment

- 25** The Council has generally improved its environmental performance but not always as fast as other councils. It improved 70 per cent of its environment (waste, recycling and cleanliness) PIs in 2007/08 and this is more than most district councils. On environmental Pis, 10 out of the 14 are above average. The Council now has 29 per cent of its environment PIs among the top performers which is less than most district councils.
- 26** The Council started a new refuse, recycling and street cleaning contract in November 2007. The contract sets standards and has improved street cleaning, increased glass and cans collections from four weekly to fortnightly and introduced a rapid response team to deal with litter, graffiti, chewing gum and fly posting.
- 27** In 2007/08 the Council improved its recycling and composting rate from 33 to 35 per and above its target of 32 per cent. It is just above average for district councils. The Council collected 390 kilograms of refuse per head in 2007/08. This is slightly less than the year before and is better than average for district councils. However other councils are increasing recycling and reducing the amount of refuse they collect faster than South Bucks.
- 28** The cost of waste collection is above average but is not increasing as fast as most district councils. It was £54 per household in 2007/08, about the same as the year before.
- 29** The Council is reducing littering. The percentage of littered land is less than last year at 10 per cent, slightly worse than average for district councils. The Council secured 15 convictions for fly tipping in 2007/08 with more pending. This is more than other Buckinghamshire councils and helps to ensure that South Bucks remains clean.
- 30** The Council is working to improve sustainability. It launched a new Energy Efficiency Grant in April 2007 so that residents over 65 can improve the energy efficiency of their properties. The Council has awarded 33 grants totalling over £7,000 to help the environment and reduce energy bills. The Council has also approved a sustainability strategy to integrate sustainability and carbon reduction into its aims, reduce its carbon footprint and show leadership in tackling climate change and sustainability issues.

Value for money services

- 31** The Council generally performs well in providing value for money (VfM) services. Our VfM assessment in this year's Use of Resources assessment was that the Council was performing well, consistently above minimum requirements. Council tax levels and expenditure per head are low while performance and outcomes are generally above average and improving (see also paragraphs 54 and 55).

Improvement Planning and Progress

- 32** Performance management is improving through the monitoring and management of PIs and reporting to councillors. For example it recognised problems with slow payments of housing benefits and has speeded up payments. It is responding to the economic recession by increasing debt advice in the area in partnership with the Citizens' Advice Bureau, signposting those in need to benefits and other support and working on a county wide response with public services and businesses.
- 33** The Council continues to improve its use of data to assist ward and parish councillors, internal and external service providers to plan effective delivery and to monitor the success of outcomes. For example the timeliness of data on crime, ethnicity and prosperity is improving and is more quickly put in the hands of decision makers and organisations such as volunteer bureau. The Council is amending its community engagement to secure stronger input via ward councillors and parish councillors to local and county council decision making. This has the potential to raise local quality of life through more influence on improving parish priorities.
- 34** Capacity is stretched within the Council but it learns quickly and responds well to challenge. The Council ensures that it retains staff and increase partnership capacity to focus on areas of local importance. In 2007/08 the Council ensured that it retained high quality planning staff in the face of a shortage in the market of planning officers. It has worked with partners to increase resources on community safety although consistent improvement in crime reduction has not occurred.
- 35** In July 2007 the government agreed the councils in Buckinghamshire should form a pathfinder to improve two tier working and achieve efficiencies and better services across the county. The pathfinder has not yet delivered its improvements but work is underway. For example the five councils will decide soon if they will proceed to procuring the Shared Support Services project. Over the next few years the pathfinder should improve support services customer interface, demand-led transport and waste.

The audit of the accounts and value for money

- 36** Our audit of the financial statements is substantially finished. The results of the 2007/08 audit are set out in our Annual Governance Reports. An initial version was considered by 25 September 2008 Audit Committee and a revised and updated version was considered by the 6 January 2009 Audit Committee.
- 37** Local government electors have a right to challenge the Council's accounts if they believe an item in the accounts breaks the law. This right is exercised by raising an objection with the appointed auditor which the auditor must consider.
- 38** Two electors have raised an objection on the Council's 2007/08 financial statements. The objection relates to the charitable status of land at Farnham Park and the potential requirement to prepare separate audited accounts for the Charity Commission going back several years.
- 39** Appointed auditors are required to issue a certificate when they have finished their audit work to conclude the audit. Normally the conclusion certificate is issued with the opinion on the accounts and the value for money conclusion. However a conclusion certificate cannot be issued if there are outstanding objections to the accounts. The issues raised by the electors may have a significant impact on the 2007/08 financial statements and an opinion on the accounts cannot be reached until the objection is resolved.
- 40** Two other accounting issues were raised in the Annual Governance Report for the attention of the Audit Committee. The Audit Committee decided that it was appropriate to:
- show the Beacon Centre in the balance sheet at nil value as a fixed asset; and
 - revalue fixed assets at 1 April 2007, using the results of the valuation undertaken in April and May 2008.
- 41** We disagreed with the accounting treatment adopted but concluded that the effect was not serious enough to impact on the audit opinion.
- 42** We have not issued our value for money conclusion pending resolution of the objection. Otherwise we have concluded that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Use of resources

43 The findings of the auditor are an important component of the CPA framework. In particular the use of resources score is derived from the assessments made by the auditor in the following areas.

- Financial reporting (including the preparation of the accounts of the Council and the way these are presented to the public).
- Financial management (including how the financial management is integrated with strategy to support council priorities).
- Financial standing (including the strength of the Council's financial position).
- Internal control (including how effectively the Council maintains proper stewardship and control of its finances).
- Value for money (including an assessment of how well the Council balances the costs and quality of its services).

44 For the purposes of the CPA we have assessed the Council's arrangements for use of resources in these five areas as follows.

Table 1

Element	Assessment 2008	Assessment 2007
Financial reporting	2	2
Financial management	3	2
Financial standing	3	2
Internal control	3	2
Value for money	3	3
Overall assessment of the Audit Commission	3	2

Note: 1 – lowest, 4 = highest

The key issues arising from the audit

45 As you can see from the scores in Table 1 the Council has made considerable improvement in its use of resources.

Financial reporting

46 The accounts were prepared and approved by the Council by the deadline set by the Government. The accounts and working papers were of a good standard but there were a couple of significant issues raised in our Annual Governance Report.

47 To improve further the Council needs to keep its significant errors down to a minimum.

The audit of the accounts and value for money

Financial management

- 48** The Council's financial management arrangements remain robust in the following areas.
- Medium term strategy, budgets and capital programme are soundly based.
 - Managing spending within budgets.
 - Assets are well managed.
- 49** In particular the Council improved its score on managing its assets through better use of performance indicators.

Financial standing

- 50** The Council continues to maintain its spending within overall resources and monitors its financial position effectively throughout the year.
- 51** This could become harder to achieve in the next couple of years due to the economic recession leading to lower income from falling interest rates and potentially more bad debts.

Internal control

- 52** The Council continues to manage its significant business risks and has arrangements in place to maintain a sound system of control.
- 53** The Council improved its score in 2008 by focusing on managing risks with partnerships and thereby improving its partnership arrangements.

Value for money

- 54** The Council manages and improves value for money well. It has improved VfM over the last few years and has sound processes to identify and deliver efficiency and performance improvements, notably its efficiency strategy and addressing VfM in its service planning. It ensures that its investments deliver improvements and works with partners to procure services cost effectively. Its contribution to meeting the government's efficiency targets in the three year to 2008 was £816,916. This exceeded its three year target of £723,000 by 13 per cent and its useable cash target of £361,500 by 98 per cent.
- 55** The Council made progress in improving VfM in the following areas in 2007/08. It:
- introduced a self service paying-in facility in its reception area to provide more accessible services and reduce costs so that more resources can be used to meet resident's key priorities;
 - used its website to improve access to those seeking employment in South Bucks and to reduce the administrative costs of recruitment;
 - maintained a high profile fraud service administering 34 sanctions, including five successful prosecutions;
 - reviewed the licensing function to improve the service;

- introduced a new benchmarking strategy to increase its ability to benchmark its functions and to improve services for residents; and
- introduced Have Your Say – an interactive section of its website to enable residents to respond to the Council's, its partners' and other agencies consultations that could have an impact on their quality of life.

Data Quality

- 56** The Council uses performance information to help it to manage the services it provides. It needs to be satisfied that the information it uses is reliable. This is achieved by putting in place arrangements that produce accurate data. The Council's overall management arrangements for ensuring data quality are performing well.
- 57** The Council exceeds minimum standards and is performing well in all these areas.
- Governance and leadership.
 - Policies on data quality.
 - Data use and reporting.
 - Systems and processes.
 - People and skills.

Accounts and governance

- 58** Our annual governance report to the Audit Committee on 25 September 2008 summarised the results of our annual audit work for 2007/08. Although the objection prevented us from issuing an opinion there were two accounting issues that we raised which required further investigation by the Council.

Looking ahead

- 59** 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.
- 60** 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.
- 61** 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

- 62** This letter was discussed and agreed with the Chief Executive and Director of Finance on March 12 2009. A copy of the letter will be presented at the Audit Committee on 1 April 2009. Copies need to be provided to all Council members.
- 63** 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 revised January 2009
Opinion on financial statements	TBC
Value for money conclusion	TBC
Annual audit and inspection letter	March 2009

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- 64** 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

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

Robert Hathaway
Comprehensive Area Assessment Lead (CAAL)

Date 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.

Copies of this report

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For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 0844 798 1212, Fax: 0844 798 2945, Textphone (minicom): 0844 798 2946

www.audit-commission.gov.uk
