

# Annual Audit and Inspection Letter

Bracknell Forest 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

- Bracknell Forest is a three star council, and achieved a direction of travel judgement of 'improving well'. Services continue to be good with 42 per cent ranking among the best 25 per cent nationally. However the strong rate of improvement demonstrated last year has slowed slightly reflecting existing high levels of performance.
- The overall star rating changed from a four star rating under the Comprehensive Performance Assessment framework (CPA) to three stars. This was due to four performance indicators in the culture block which kept the overall culture score at 2. The removal of protection from the original Corporate Assessment score in this final year of the CPA framework then impacted on the overall star rating. Bracknell Forest's original Corporate Assessment score was a 4 (performing strongly), but was reduced to 3 (performing well) with the publication of its second Corporate Assessment under the 'Harder Test' in February 2008.
- Services for children and young people are performing well and are consistently above minimum requirements. Adult Social Care services are performing well and were judged by the Commission for Social Care Inspection as 'good' at delivering outcomes with an 'excellent' capacity to improve. The Council has responded positively to specific areas for improvement identified in last year's letter. For example, the number of young people not in education, employment or training has reduced, and the number of delayed transfers of care has fallen substantially.
- Environmental services are good and continue to improve. Whilst these service blocks did not increase their overall ratings many areas previously identified for improvement have been addressed. Specifically the Council has improved its approach to tackling climate change, maintained high levels of recycling and implemented initiatives to further reduce land-fill. The overall score for culture, which is not a Council priority, remains at '2'
- The only service block score which declined was benefits falling from the highest performing 'strongly' rating to performing 'well' (level 3 out of 4). The deterioration was largely due to qualification of some of the benefits data, as a review of Performance Indicators (PIs) resulted in 2 reservations. Data quality was an area identified last year as in need of improvement. While limited progress was evident in 2007/08 plans are now in place to address this.
- The Council and its partners are taking effective action to reduce crime - an area identified last year as in need of improvement. Serious acquisitive crime reduced by 27.9 per cent in 2007/08, a result commended by Thames Valley Police. Fear of crime has also reduced significantly with an independent review reporting a 13.5 per cent increase in people having 'very little or no worries' about crime.

- The assessment of the way the Council manages its resources – the use of resources judgement – scores the Council at level 3 (out of a possible 4), which is performing well. However, the appointed auditor qualified the value for money conclusion due to identified weaknesses in the Council's procurement arrangements. In response a programme of action has been agreed to improve procurement policy and practice.
- Overall value for money is good. Service performance is good and costs are low allowing for external factors. The Council has a clear focus on performance management.
- Good progress has been made on the areas needing improvement identified by the Corporate Assessment published in February 2008. Workforce planning has been strengthened; good progress is being made to further strengthen the Council's approach to equality and diversity; and it is improving its work to tackle climate change.

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### Action needed by the Council

- 1 The Council needs to improve some aspects of services for children and young people as identified in the annual performance assessment issued by Ofsted.  
[www.ofsted.gov.uk](http://www.ofsted.gov.uk)
- 2 The Council needs to improve some aspects of its adult social care services as identified in the annual performance assessment issued by the Commission for Social Care Inspection. [www.csci.gov.uk](http://www.csci.gov.uk).
- 3 The Councils arrangements for securing value for money in the use of resources can be further improved in the following areas:
  - Update the risk management strategy to reflect recent developments and ensure this is consistently rolled-out across departments.
  - Apply corporate asset management disciplines to achieve more consistent and effective departmental asset planning and management.
  - Develop separate policy on reserves and balances with an assessment of needs and risks to underpin the medium term financial plan.
- 4 Member level oversight of risk management and governance should be consolidated within the new Governance and Audit committee to support the current review and reporting on the effectiveness of these arrangements in the Councils annual governance statement.
- 5 The Council should improve its approach to data quality so that the information used to monitor performance is accurate and reliable.
- 6 The Council should continue to improve its approach to procurement by implementing the action plan endorsed by councillors in December 2008. Members need to monitor progress on this closely.

# 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. It also includes the results of the most recent corporate assessment.
- 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, Phil Sharman, 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 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 Bracknell Forest Council performing?

13 The Audit Commission's overall judgement is that Bracknell Forest Council is improving well and we have classified Bracknell Forest Council as three star in its current level of performance under the Comprehensive Performance Assessment. These assessments have been completed in all single tier and county councils with the following results.

**Figure 1 Overall performance of councils in CPA**



Source: Audit Commission

## How is Bracknell Forest Council performing?

### Our overall assessment - the CPA scorecard

**Table 1 CPA scorecard**

Element	Assessment 2008	Assessment 2007
Direction of Travel judgement	Improving well	Improving strongly
Overall	3 star	4 star
Corporate assessment/capacity to improve Note: 2007 assessment scored '3'; but 2004 score used until all assessments were concluded in 2008	3 out of 4	4 out of 4
Current performance		
Children and young people*	3 out of 4	3 out of 4
Social care (adults)*	3 out of 4	3 out of 4
Use of resources*	3 out of 4	3 out of 4
Housing	4 out of 4	4 out of 4
Environment	3 out of 4	3 out of 4
Culture	2 out of 4	2 out of 4
Benefits	3 out of 4	4 out of 4

(Note: \* these aspects have a greater influence on the overall CPA score)  
(1 = lowest, 4 = highest)

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

#### Summary

- 14 Services continue to be good and 42 per cent of performance indicators are among the top performing councils nationally. This has inevitably made it more difficult for the Council to maintain the strong rate of improvement demonstrated last year. Nevertheless, performance in adult social care and services for children and young people has improved, addressing issues previously identified. The Council is amongst the best performing in the country for waste management and street cleaning. Tenants are benefiting from the first phases of a £61 million investment following the transfer of housing stock. Planning permission has been granted for the town centre regeneration and all major legal hurdles have been overcome. However the current economic climate increases the risks to delivery of this project within the original timescale. Value for money remains good and a corporate restructuring has been implemented with no adverse impact.

- 15 The Council continues to improve its approach to diversity. It has a clear focus on performance management, and action was taken to improve supervision of procurement when it was found this year to be inadequate for some contracts. The Council is building on existing strong partnership working through the new local area agreement as a framework for future improvement<sup>1</sup>.
- 16 The Council has identified five priorities. These are: a town centre fit for the 21st century: protecting and enhancing our environment: promoting health and achievement; to create a borough where people are safe and feel safe and value for money.

### What evidence is there of the council improving outcomes?

- 17 Overall services at Bracknell Forest are good. The Council has 42 per cent of key performance indicators in the best quartile nationally which exceeds the average for top performing councils. The rate of improvement over the past year has been average.

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### A town centre fit for the 21st century

- 18 The Council continues to implement its plans to regenerate the town centre. Working with its regeneration partners it has completed the procedures to secure the land granted, and secured the necessary planning permission to update the development framework. All major legal hurdles have now been overcome. However the current economic climate represents a major risk to delivery of this project within the original timescales.

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### Protecting and enhancing the environment.

- 19 Environmental services are good and continue to improve. The percentage of household waste recycled or composted is best quartile at 39.7 per cent. This figure is likely to increase as the material recycling facility opened in December 2008 creates additional recycling capacity. The amount of waste land-filled will further decrease when the Lakeside energy-from-waste plant opens in 2009. Standards of street cleanliness continue to be good with prompt removal of litter, graffiti and fly posters. Development control performance shows best quartile performance in each of the categories for the time taken to process applications.
- 20 The Council is improving its approach to tackling climate change. Specifically it has established a baseline for its activities and continues to improve its recycling rates. It will reduce further the amount of land filled waste when the recently opened Materials Recycling Facility becomes fully operational and the Lakeside energy-from-waste plant is completed in 2009. It has also commissioned 'invest to save' projects to reduce energy consumption at Bracknell Leisure Centre and to commission a Real Time Information system for buses. The Council is also developing a borough-wide scheme for public access to car sharing.

## How is Bracknell Forest Council performing?

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### Promoting health and achievement

- 21** Overall services for children and young people are performing well and are consistently above minimum requirements. The Council scored '3' (out of a possible 4) for its activity linked to the themes of 'being healthy', 'staying safe' and 'enjoying and achieving' with a maximum '4' in 'making a positive contribution'. Ofsted identified a number of specific improvements in the past year including a strong trend of improvement at Key Stage 3, particularly in mathematics, science and boys attainment in English; a good assessment of learning needs of young people aged 14–19 and the Council has reduced the number of young people not in education, employment or training.

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### People are safe and feel safe

- 22** Adult Social Care services are performing well. CSCI consider that overall the Council is 'good' at delivering outcomes and its capacity to improve is 'excellent'. Of the seven categories scored by CSCI the Council was judged to be 'excellent' in three and 'good' in the remainder demonstrating consistently good performance.
- 23** An agreement with the PCT to avoid delayed transfers of care has resulted in the number of delayed transfers falling substantially below the national average. High levels of assessments within 48 hours of initial contact are achieved and many people have services provided within 4 weeks. A very high total number of people in Bracknell Forest are in receipt of direct payments.
- 24** The Council and its partners have taken effective action to reduce crime. This issue was identified last year as an area for improvement. The Crime and Disorder Reduction Partnership (CDRP) has been restructured to focus on integrated performance management. The number of domestic burglaries, robberies and thefts from motor vehicles (serious acquisitive crime) have all decreased and the number of people reporting 'very little or no worries' about crime increased by 13.5 per cent according to a study conducted by Middlesex and Buckinghamshire New universities.
- 25** Understanding of diversity has improved further. Action includes a review of ethnicity in the borough; more resources committed to support community engagement, cohesion and equalities; a programme of training; integration of equalities targets in service plans and performance monitoring reports; and closer working with voluntary sector groups and those representing minority communities.

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### Value for Money

- 26** Overall value for money is good. Service performance is good and costs are low allowing for external factors. Council Tax continues to be the lowest of any mainland unitary authority and services perform well with 42 per cent of performance indicators in the best quartile. The Council has achieved over £7 million of Gershon efficiency gains since 2004/05 – well in excess of its £5.5 million target - and has included a further £2.7 million of expenditure reductions in its 2008/09 budget. Proceeds from the transfer of the Council's housing stock are also expected to attract interest payments of £1.29 million in the current financial year. The Council continues to have a proactive approach to external funding opportunities and the bulk of the Council's £25 million capital programme is externally funded.
- 27** The Council is improving access to services for its customers. The website has the highest level of take-up by residents in the country, and access to public buildings has improved significantly. The Council is on course to achieve its target of 65.9 per cent of buildings fully accessible to the public by March 2009. Council surveys indicate that 84 per cent of customers now rate their satisfaction with access to services as good or better.

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

- 28** The Council reorganised its senior management structure from April 2008, primarily to refocus its services but also to reduce management and support costs. The revised structure created three new departments and was completed with no adverse impact on service delivery. The newly created Social Care and Learning department has delivered improvement in performance management and delivery of services, particularly in adult social care. A comprehensive workforce plan, aligned with service planning, has been developed to support the medium term financial strategy. A three to five year workforce plan is being draw up which will support an increase in staff from minority communities and those with disabilities.
- 29** While councillors and senior managers routinely use comprehensive cost and performance information there is an absence of a systematic corporate approach to the way that data is collected. The Council is now addressing this and producing a data quality strategy, and formulating a more consistent approach to benchmarking across all parts of the council.
- 30** The transfer of Council housing stock to Bracknell Forest Homes was completed in February 2008. This has released substantial additional resources to improve the quality and quantity of social housing in Bracknell Forest, as well as providing wider environmental benefits for former new town neighbourhoods. Tenants are now benefiting from the first phases of a £61m investment programme that will secure compliance with the decent homes standard 2012.

### Service inspections

- 31** The findings of the Corporate Assessment of the Council were published in February 2008. It concluded that the Council was performing well – consistently above minimum requirements.
- 32** An important aspect of the role of the Relationship Manager is to work with other inspectorates and regulators who also review and report on the Council's performance. Relationship Managers share information and seek to provide 'joined up' regulation to the Council. During the last year the Council has received the following assessments from other inspectorates.
- Ofsted [www.ofsted.gov.uk](http://www.ofsted.gov.uk)
    - 2008 Annual Performance Assessment of services for children and young people (November 2008)
    - Overall effectiveness of children's services '3' - Good.
    - Capacity to improve, including the management of children's services '3' - Good.
  - CSCI . [www.csci.gov.uk](http://www.csci.gov.uk)
    - 2008 Annual Performance Assessment of social care services for adults (November 2008) and Annual Performance (Star) Rating for Social Services (November 2008):
    - service score for adults social care – '3' (good);
    - capacity to improve – '4' (excellent); and
    - overall star rating of '3 stars'.

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# The audit of the accounts and value for money

- 33** Your appointed auditor, Phil Sharman of the Audit Commission, reported separately to the Final Accounts Committee on the matters arising from our 2007/08 audit. He issued:
- an audit report, providing an unqualified opinion on your accounts; and
  - a qualified conclusion on your value for money arrangements.
- 34** The value for money conclusion was qualified due to failures identified in the Council's procurement arrangements. The auditor concluded that in this respect the Council did not have adequate arrangements to maintain a sound system of internal control or to manage and improve value for money.
- 35** On 23 September 2008 he issued an Annual Governance report containing recommendations designated under section 11 of the Audit Commission Act 1998 requiring improvements to the Council's procurement arrangements. At its meeting on 11 November 2008 the Council determined its action to take in response to the recommendation.
- 36** Your previous auditors KPMG issued their statutory report on the audit of the Council's best value performance plan for 2007/08 on 18 December 2007. They did not identify any matters to be reported to the Council and did not make any recommendations on procedures in relation to the plan.

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## Use of Resources

- 37** 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 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

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

**Table 2**

<b>Element</b>	<b>Assessment 2008</b>	<b>Assessment 2007</b>
Financial reporting	2 out of 4	4 out of 4
Financial management	3 out of 4	3 out of 4
Financial standing	3 out of 4	3 out of 4
Internal control	2 out of 4	3 out of 4
Value for money	3 out of 4	3 out of 4
<b>Overall assessment of the Audit Commission</b>	<b>3 out of 4</b>	<b>3 out of 4</b>

Note: 1 – lowest, 4 = highest

### The key issues arising from the audit

#### Procurement

- 39 The Council has identified some weaknesses in its procurement arrangements. This led to the qualified VFM conclusion and statutory recommendation to strengthen these arrangements. The Council has responded positively and promptly to this recommendation and has endorsed an action plan to address these weaknesses. Members need to monitor progress on this closely to ensure the required improvements are secured.

#### Financial Reporting

- 40 An unqualified opinion on the Statement of Accounts was issued on 30 September 2008. This was a challenging year for financial reporting due to the housing stock transfer and this resulted in some material amendments and some issues to report to those charged with governance. Nevertheless the Statement of Accounts was produced well within deadlines, working papers were of a good quality and responses to queries were addressed promptly. The major issue for the Council to take forward for future years is to focus on ensuring that asset valuations reflect accounting standards, in particular that they reflect the current use and conditions of assets.

### **Asset Management**

- 41 The Council has improved its arrangements for managing its asset base and updated its asset management plan in 2007. Major corporate assets are managed and developed to help deliver corporate priorities and service delivery needs. At service level there is less consistency. Departments are being encouraged to manage assets longer term but this is not being achieved universally. Plans to maintain, modernise and rationalise asset use are similarly inconsistent and the Council needs to improve its approach to revaluations.

### **Financial standing**

- 42 The Council has continued to manage its spending within available resources. In the longer term however there remains a projected budget gap which the Council aims to manage thorough its medium term financial strategy while maintaining a minimum level of reserves of £4 million. The prevailing economic climate and uncertainty over Icelandic bank deposits have increased risks to the delivery of the medium term financial strategy. Members should monitor progress in closing the budget gap. As part of this process the Council should establish a separate policy on reserves and balances with an assessment of needs and risks against each reserve and balance for approval and monitoring by members.

### **Members' oversight of governance**

- 43 Auditing standards require audit plans and the governance report to be discussed with those members charged with governance. During 2007/08 discussions were held to determine which member committee discharges this function. As a result an additional meeting was scheduled with the Final Accounts committee to receive the Annual Governance Report from the District Auditor.
- 44 The Council is responsible for putting in place proper arrangements for the governance of its affairs and for ensuring that there is a sound system of internal control facilitating the effective exercise of its functions, including arrangements for the management of risk. The role of those charged with governance clearly goes beyond receiving external audit reports. It is concerned with assessing and providing assurance to the Council that governance arrangements are effective. This assessment is reported in the Council's Annual Governance Statement.
- 45 The governance role is currently spread across different member committees and the Council is planning to rationalise this. Once this is achieved the members' role in the Annual Governance Statement needs to be enhanced from approving the draft to a more active role in assessing the sources of assurance used for compiling the statement.

### **Risk management**

- 46 Risk management arrangements have been developed and strengthened towards the end of 2007/08. The Council should now focus on rolling these arrangements out, in particular updating its strategy and ensuring action plans (with owners) are drawn up to manage all risks assessed above the Council's tolerance level.

## The audit of the accounts and value for money

### Internal Control

- 47 As auditors new to the Council an in-depth review of the effectiveness of Internal Audit was conducted, which concluded it provides an effective control for the Council and reliance can be placed on its work. Recommendations for improvement were made, some of which have been addressed.
- 48 There are some good arrangements in place to ensure probity and propriety, in particular in following up National Fraud Initiatives (NFI) matches. However although there are policies in place the Council should be more proactive in promoting an anti-fraud culture by providing ethics training for officers and strengthening arrangements for reviewing declarations of interests and gifts and hospitality for members and officers.

### Data Quality

- 49 The Council's arrangements for ensuring data quality meet minimum requirements. Progress towards securing a corporate framework for data quality has been limited by capacity constraints. The Council have yet to adopt a Data Quality Strategy that would articulate its data quality objectives and provide the basis for the clear strategic and policy framework necessary to secure a coordinated and consistent approach from all departments. Resourced plans are now in place to address this.
- 50 There are several effective systems in place for the collection, recording, analysis and reporting of the data used to monitor performance. This supports a good intuitive understanding of the importance of data quality linked to the strong performance management culture that is demonstrated by councillors and staff.
- 51 A review and detailed spot checks of Performance Indicators (PIs) resulted in 2 qualifications (BVPI78a and BVPI 78b). One PI needed complete reworking to avoid qualification (BVPI 165), and there are recommendations to improve 3 further PIs. The Council therefore needs to improve its arrangements to ensure that the information used to monitor performance is accurate.

### Waste Disposal PFI

- 52 We have carried out a review of arrangements across the 3 participating Councils - Bracknell Forest, Wokingham and Reading. The Councils have established effective joint working arrangements and the Joint Waste Board appears to be working well. Some concerns have arisen including the need to secure means of diverting waste from land-fill by 2010 to avoid significant financial penalties.

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# Looking ahead

- 53** 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.
- 54** 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.
- 55** 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

- 56 This letter has been discussed and agreed with senior officers. A copy of the letter will be presented at the Governance and Audit Committee on 29 April 2009. Copies need to be provided to all Council members.
- 57 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 3      Reports issued**

Report	Date of issue
Audit and inspection plan	September 2007
BVPP audit report	December 2007
Review of Internal Audit	August 2008
Annual Governance Report	September 2008
Opinion on financial statements	September 2008
Value for money conclusion	September 2008
Final accounts memorandum	January 2009
Use of Resources	February 2009
Data Quality report	March 2009
Annual audit and inspection letter	March 2009

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- 58 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 statutory audit and inspection process.

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### Availability of this letter

- 59 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.

**Elizabeth Hale**  
**Comprehensive Area Assessment Lead**

Date

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# The Audit Commission

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