

Annual Audit and Inspection Letter

March 2008



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Huntingdonshire District Council

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles.

- Auditors are appointed independently from the bodies being audited.
- The scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business.
- Auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998, the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports

This report provides an overall summary of the Audit Commission's assessment of the Council, drawing on audit, inspection and performance assessment work and is prepared by your Relationship Manager.

In this report, the Commission summarises findings and conclusions from the statutory audit, which have previously been reported to you by your appointed auditor. Appointed auditors act separately from the Commission and, in meeting their statutory responsibilities, are required to exercise their professional judgement independently of the Commission (and the audited body). The findings and conclusions therefore remain those of the appointed auditor and should be considered within the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission.

Reports prepared by appointed auditors are:

- prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission; and
- addressed to members or officers and prepared for the sole use of the audited body; no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

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Our overall summary

- 1 This report provides an overall summary of the Audit Commission's assessment of the Council. It draws on the findings and conclusions from the audit of the Council and from any inspections that have been undertaken in the last year. The letter includes our review of how well the Council has progressed (our Direction of Travel report) and the auditor's assessment of how well the Council has managed its finances (the Use of Resources scores). These latter components will be an important feed into any future decision regarding the potential for a rescoring the Council's Comprehensive Performance Assessment (CPA) category.
- 2 The report is addressed to the Council, in particular it has been written for councillors, but is available as a public document for stakeholders, including members of the community served by the Council.
- 3 The main messages for the Council included in this report are as follows.
 - The Council is making improvement in many priority areas. Recycling and composting performance remains amongst the best nationally. Access to services has improved. The Council continues to perform well in the use of resources and value for money.
 - Progress has been made on equalities with level two of the equalities standard achieved and work has started to achieve level three. Access to services has improved.
 - Overall improvement and comparative performance as measured by performance indicators is below average. For example, the speed of processing minor planning applications does not compare well and the volume of household waste per household has increased.
 - The Council has clear plans and investment for improvement which focus resident priorities.

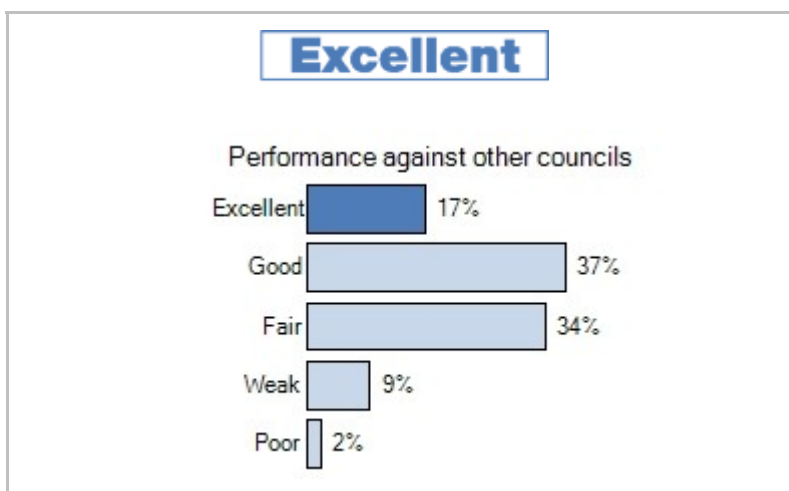
Action needed by the Council

- Maintain focus on service performance in order to improve the rate of improvement and tackle areas of comparative under performance.

How is Huntingdonshire District Council performing?

- 4 Huntingdonshire District Council was assessed as Excellent in the Comprehensive Performance Assessment carried out in 2004. These assessments have been completed in all district councils and we are now starting to update 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

- 5 The Council is making improvement in many priority areas. Progress has been made on equalities with level two of the equalities standard achieved and work has started to achieve level three. Recycling and composting performance remains amongst the best nationally. Resident satisfaction has improved and is good. Access to services has improved. The Council continues to perform well in the use of resources and value for money. However, overall improvement and comparative performance as measured by performance indicators is below average. For example, the speed of processing minor planning applications does not compare well and the volume of household waste per household has increased.
- 6 The Council has clear plans for improvement. These plans and investments focus on resident priorities and areas of under performance. For example, significant improvements in leisure facilities are on track to be delivered in 2008 and high waste collection costs are being tackled. Partnership working has secured funding for affordable housing and economic development initiatives.

What evidence is there of the council improving outcomes?

- 7 Overall performance and improvement as measured by best value performance indicators is below average for 2006/07. Forty six per cent of performance indicators (PIs) improved which is below average for district authorities (56-59 per cent). The percentage of PIs in best quartile at 26 per cent is below average when compared to district authorities' average of 33 per cent. Performance over the last three years is stronger with 64 per cent of PIs improving compared to the average for district authorities of 54-56 per cent.
- 8 Satisfaction with the Council overall is good. In 2006/07 satisfaction with the Council is in the best 25 per cent of councils and has improved from 58 per cent to 60 per cent since the last survey in 2003/04.
- 9 Service performance in Council priorities is mixed. The Council has six aims for its communities, which reflect those of the local strategic partnership, and three aims for the Council itself, each with a series of objectives. These aims are:
 - a clean, 'green' and attractive place;
 - housing that meets local need;
 - safe, vibrant and inclusive communities;
 - healthy living;
 - access to services and transport;
 - a strong, diverse economy;
 - to improve our systems and practices;

- to learn and develop; and
 - to maintain sound finances.
- 10 The Council is delivering performance amongst the best 25 per cent of councils in some of its priority areas. This includes its recycling and composting rate, the percentage of the population served by a kerbside recycling collection and performance on affordable housing.
 - 11 Although there has been improved performance in many priority areas this still does not compare well with other councils. The length of stay in bed and breakfast accommodation has improved from five to four weeks. Improvements have been made to the speed of processing major planning applications. However, when compared to other councils performance remains amongst the worst 25 per cent. Performance does not compare well the speed of processing minor planning applications. The Council met government targets for speed of determining planning applications and received a substantial Planning Delivery Grant award for 2007/08. The volume of waste collected per household is high in comparison to other councils and rising. Although there is improvement in areas of poor performance this is not at a rate which is significantly greater than is being achieved by others. Therefore, the Council's overall comparative performance indicator is not improving.
 - 12 Performance has improved in other priority areas. The cost of waste collected per household has reduced and delivered approximately £100,000 of savings. The percentage of private sector homes vacant for six months or more has improved from below to above average. The percentage of the number of non-LA-owned vacant dwellings returned to occupation or demolished during the year as a direct result of action by the authority has improved with performance above average.
 - 13 Investment in priorities is being made to improve outcomes for residents. For example market traders at St Ives market are being encouraged to recycle more of their waste as part of a pilot scheme funded by DEFRA as part of a government initiative to increase business waste recycling. The Council has supported a housing association to secure an extra £3 million to build 'affordable' homes. This has resulted in plans to build around 400 'affordable' homes as part of a 1,250-home development. The Council has invested funds to improve services to the homeless through securing 16 existing homes and the expansion of its existing homeless hostel. Improvements for residents are being delivered.
 - 14 The Council is supporting economic development. It has secured £1.33m from DCLG growth fund and East of England Development Agency for an Enterprise Centre to stimulate business and job growth. This recognises employment pressures in sustainable communities in growth areas.

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- 15 Performance is above average in all crime areas with some in the best 25 per cent of councils. Huntingdonshire Community Safety Partnership is currently on track to meet all of its targets apart from criminal damage, as identified within the Community Safety Strategy 2005/08. The community safety team is taking a more proactive approach to address crime, for example commissioning additional research to inform decisions on emerging issues. The anti-social behaviour case workers have led or supported partners in obtaining a number of acceptable behaviour contracts, anti-social behaviour orders and parenting contract agreements. The Council is contributing effectively to community safety.
- 16 The Council is contributing to community outcomes. For example the Council is a partner in the Great Fen Project which aims to restore over 3,000 hectares of farmland situated between Huntingdon and Peterborough to fenland wildlife habitat; thereby connecting two existing nature reserves. £8.9 million from the Heritage Lottery Fund has been awarded but it is too early in the process for outcomes to be achieved.
- 17 The Council is involved in a range of work to improve health. The Council provides for and encourages participation in active leisure pursuits; discourages smoking, encourages people to have healthy diets and encourages participation in community involvement and service. The Council provides opportunities for cardiac rehabilitation and physical activity in disadvantaged communities and for people with disabilities. The outcomes from this work cannot be assessed in the short term, at this stage. The Council is making an important contribution to improving health and reducing health inequalities.
- 18 Access to services is improving. A temporary customer service centre in Huntingdon opened to the public in July 2007. Previously customers had to visit different reception counters on various floors of the Council offices dependant on their enquiry and the cash office was located in a different building. All the departments are now co-located into one ground floor location enabling full DDA access for customers. The Council has expanded its call centre with enquiries relating to planning and tourism services transferred in the last 12 months. The Council has improved access to its website for people with limited vision, dyslexia, low literacy levels, learning disabilities or English as a second language. A mobile working (wireless technology) pilot project has been used in the processing of benefit claims by taking services to the customer. The two community information centres in Yaxley and Ramsey continue to provide a wide range of services to the local community. Residents have improved access to services.
- 19 Progress has been made on diversity. The Council has achieved level two of the equality standard. The Council is now actively working towards level three of the standard.
- 20 The Council continues to perform well in delivering value for money. Performance is generally high but there are some areas of underperformance such as the costs of waste collection. Further improvements in the management of the capital programme are required for the Council to perform strongly, specifically ensuring that capital budgets are completed on-time.

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

- 21** The Council has clear plans in place for improvement. A new corporate plan has been adopted which sets out the Council vision and makes clear links between community and Council aims. The Council has set out objectives for each of the community and Council aims, together with some of the main changes expected and the main activities and projects that will take place to help them to be achieved. Progress against the 50 objectives is reported to chief officer management team and to overview and scrutiny panel quarterly. This is helping the Council to sustain improvement.
- 22** The Council has plans or is developing plans to deliver improvement, particularly in areas where performance is currently poor. A new Customer Service Strategy is being developed. This will identify how customer service objectives will be achieved throughout the district and will include the customer service centre, call centre and community information offices.
- 23** The Council has clear plans to reduce the cost of its waste collection services. Whilst recycling levels are high waste costs are also high. This is due to the number of collections made. During September 2007 the Council implemented major changes to its waste and recycling services following a comprehensive review of those services. This resulted in re-scheduled collections to gain operational efficiencies whilst building in capacity to absorb the anticipated significant growth in the number of properties during the next five years. The day of collection was successfully changed for over 60,000 properties with minimal disruption to service provision. The rescheduling will deliver annual revenue savings of £100,000 per annum together with further capital savings by reducing the numbers of vehicles used by one. This is strengthening the Council's value for money performance.
- 24** The Council has robust plans for improvement in leisure. A number of capital projects are to be completed by Easter 2008. These include swimming pool refurbishment at St Neots; a new soccer pitch at St Ivo in St Ives and a major redevelopment at Huntingdon leisure centre which includes provision for a permanent child's play centre, a teen-zone and a vibro-therapy room. This is providing residents with access to improved facilities.
- 25** Effective use of capacity is delivering improvements both internally and for residents. The Council opened its new operations centre in October 2007. In addition to providing a new base for the Council's day to day operational activity, it provides accommodation for a range of other services including all post and printing requirements, building control, CCTV, and corporate training facilities. Work is also currently underway to construct a new headquarters and a purpose built customer service centre which is due to be completed in early 2010. The Council is investing in equalities training for officers and councillors to support further improvement. To improve performance within planning services a targeted performance improvement plan was developed with the development control panel and is currently being implemented.

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- 26** There are no significant weaknesses in arrangements for securing continuous improvement or failures in corporate governance that would prevent improvement levels being sustained.

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Financial management and value for money

- 27 Your appointed auditor has reported separately to the Corporate Governance Panel on the issues arising from the 2006/7 audit and has provided:
- an audit report, providing an unqualified opinion on your accounts and a conclusion on your vfm arrangements to say that these arrangements are adequate on 25 September 2007; and
 - a report on the Best Value Performance Plan confirming that the Plan has been audited.

Use of Resources

- 28 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).

- 29 For the purposes of the CPA your auditor has assessed the Council's arrangements for use of resources in these five areas as follows.

Table 1

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

(Note: 1 = lowest, 4 = highest)

- 30 The key issues arising from the audit, as reflected in the above judgements where appropriate, are as follows.
- At the time of the assessment the Council had not rolled out risk management training to all appropriate officers and members.
 - The Council should develop and implement an assurance framework to ensure that key risks to the Council achieving its objectives are being identified and that there are adequate controls in place to reduce the risks to acceptable levels.

Conclusion

- 31 This letter has been discussed and agreed with Huntingdonshire District Council. A copy of the letter will be presented at the Corporate Governance Panel on 26 March 2008.
- 32 The Council has taken a positive and constructive approach to our audit and inspection I would like to take this opportunity to express my appreciation for the council's assistance and co-operation.

Availability of this letter

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

Nigel Smith
Relationship Manager

March 2008