

Annual Audit and Inspection Letter

May 2007



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**Eastleigh Borough Council**

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As an independent watchdog, we provide important information on the quality of public services. As a driving force for improvement in those services, we provide practical recommendations and spread best practice. As an independent auditor, we ensure that public services are good value for money and that public money is properly spent.

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

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

Tel: 020 7828 1212 Fax: 020 7976 6187 Textphone (minicom): 020 7630 0421

[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

## Contents

Our overall summary	4
Action needed by the Council	4
<b>How is Eastleigh Borough Council performing?</b>	<b>5</b>
The improvement since last year - our Direction of Travel report	5
Other performance work	9
<b>Financial management and value for money</b>	<b>10</b>
Data quality and performance indicators	11
<b>Conclusion</b>	<b>12</b>
Availability of this letter	12

## Our overall summary

- 1 This report provides an overall summary of the Audit Commission's assessment of the Council. It 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), and draws on the findings and conclusions from the audit of the Council. These will inform 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.
  - Overall the Council is providing good quality services, with strong and improving performance on planning, affordable housing, recycling and street cleanliness, while speed of decisions on benefits claims remains above average.
  - The Council has shown improvement in a substantial proportion of its performance indicators. Of those which have not improved, many are in already high performing areas, but a few are not.
  - The auditors have provided an unqualified opinion on the Council's accounts and conclusion that value for money (VFM) arrangements are adequate.

## Action needed by the Council

- 4 Address improvements in accommodating homeless people and continue to drive up performance on administering housing benefits.
- 5 Improve the Council's framework and tools for ensuring equality of access to services for all and ensure these are applied, for example by progressing the Local Government Equality Standard and implementing equality impact assessments.

## How is Eastleigh Borough Council performing?

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

#### Overview

- 6 The Council performs well compared to other district councils, judged against a basket of performance indicators selected by the Commission to represent a cross section of services. In 2005/06, 42 per cent of indicators compared with those of the best councils (top 25 per cent performers), while the average for all district councils was 31 per cent. Fifty six per cent of indicators were above average. Areas of strength were payments, council tax collection, planning, affordable housing, recycling, street cleanliness and speed of decisions on benefits claims. Homelessness acceptances were low, though homeless people were spending longer in temporary accommodation at Eastleigh. There were challenges for the Council in the accuracy of benefits payments and recovery of overpayments.
- 7 The Council has done well to improve 48 per cent of our basket of performance indicators between 2004/05 and 2005/06, but the average rate of improvement for district councils nationally is 58 per cent - which means the Council has not improved as much as others. This should be seen in context: there is a high proportion of indicators that are already among the best 25 per cent. However, some weaker areas of performance have not improved, for example the length of time spent by homeless families in bed and breakfast and hostel accommodation and interventions to bring empty private sector dwellings back into use. Areas of improving performance included planning, recycling, street cleanliness and accuracy of benefits payments.
- 8 Direction of travel in the Council's priority areas is particularly important and this is assessed below.

#### Promoting a quality environment

- 9 The Council has made progress in this area and it has plans to consolidate these advances. It has good and improving recycling levels (currently 38 per cent combined recycling and composting) - among the best performing councils in 2005/06, although it did not meet its own target. It has improved recycling arrangements by kerbside glass collection, a battery recycling scheme, a kitchen waste recycling pilot and recycling in schools. It has also stopped side waste collection and increased recycling opportunities. Levels of waste collected are amongst the lowest nationally, although they have increased slightly. The Council is currently reviewing options for extending its kitchen waste recycling, but is constrained by the availability of disposal facilities nearby.

- 10 Street cleanliness is good and improving and there has been joint working with new Police Community Safety Officers to reduce graffiti and vandalism. The Council has carried out a number of environmental improvement schemes and it has a long term improvement plan for parks and gardens, funded through developer contributions.

### **Helping those in need**

- 11 The Council provides effective support in key areas. It is delivering good levels of affordable housing and it has plans to increase this significantly over the next two years. It has introduced new benefits processes and this has been successful in speeding up benefits claims. It has provided additional support to prevent homelessness and levels are relatively low (though the level of repeat homelessness was above average in 2005/06). However, the Council did not meet its 2005/06 target for bringing empty private homes back into use and its performance in this area compares with the lowest performing authorities nationally. While the Council does not see this as the most effective way to tackle homelessness locally, success in this area offers considerable potential impact – the best performing 25 per cent of authorities returned 77 or more vacant dwellings to occupation or demolition in 2005/06 - although we recognise that the local housing market, particularly the make-up of the local housing stock and occupancy rates will have some bearing on what is achievable. The Council does have plans to reorganise the service to improve its performance and it is also introducing a landlord accreditation scheme.

### **Encouraging healthy lifestyles**

- 12 The Council is supporting healthy lifestyles. It has launched a new website that provides health advice for young people and it supports a number of programmes, including with schools, which address health issues, such as smoking and alcohol abuse. It has invested in its recreation provision during the year including cycleways, play areas and a new multi use games area. It promotes a range of recreational activities to encourage healthy lifestyles and is on target to achieve its sports participation targets. A public/private sector sports and activity alliance has been established to carry this work forwards.

### **Enabling prosperous and safe communities**

- 13 The Council is making progress against this priority and it has ambitious plans to carry this work forward. It has provided training for town centre traders and taxi drivers and it helps promote schemes to encourage young entrepreneurs and provide pathways into work. It is promoting street scene improvements in support of the local economy in Eastleigh Town Centre and employment areas. The Council has facilitated an extension of CCTV in West End and it has supported an increase in the number of Police Community Safety Officers. Eastleigh is doing well in four out of six crime and disorder categories, compared to other similar crime and disorder partnerships. Particular problems remain with violent and sexual crimes. The Council is increasing its focus on regeneration and it is developing plans for Eastleigh Town Centre and for a major strategic employment zone.

## **Promoting sustainability through planning**

- 14 The Local Development Framework Annual Monitoring Report shows that the Council is producing some good sustainability outcomes through the planning process. It has protected its stock of employment land and it is achieving a high proportion of its new housing on previously developed land and in accessible locations. Good housing densities are being achieved overall to minimise the need to take fresh development land. Housing delivery is back on track and likely to meet regional planning guidelines. This has been achieved without significant impact on areas of biodiversity importance and the Council is meeting key targets in its Biodiversity Action Plan. The Council is making planning decisions quickly, though it is not meeting its enforcement targets. It is now making good progress with preparation of its local development framework to support future sustainability outcomes.
- 15 Eastleigh is providing leadership on sustainability through exemplar schemes as part of Council facilities, for example a wind turbine at Itchen Valley Country Park. It has set a target for the Council to be carbon neutral in its activities by 2012 and is currently developing proposals to support this aspiration - a first step is the creation of a Carbon Compensation Fund.

## **Providing good value for money**

- 16 The Council delivers good value for money overall and takes pride in its record of keeping its Council Tax increases low. Any areas of high cost are generally reflected in the Council's priorities: for example the cost of waste collection. The Council succeeded in reducing costs slightly in this area in 2005/06, but its costs are now above average in relation to other authorities, which have reduced their costs more. Work has continued to seek procurement efficiencies, and some quick wins have been identified, such as the appointing process for temporary staff. However there are no major outcomes as yet. Future capital and revenue decisions are linked to agreed priorities - an example is the refocusing of resources within the concessionary fares scheme to reflect the priority for access to health services.

## **Wider community outcomes**

- 17 There are examples of effective joint working to achieve wider community outcomes. The Council supports the Local Strategic Partnership (LSP) in activities to tackle alcohol abuse and anti-social behaviour and it provides diversionary activities for young people, using its sports and recreation facilities, for example the 'Parksports' programme. This activity has been effective in reducing antisocial behaviour. Youth health programmes have also been delivered through the LSP. The Council has engaged young people in visioning exercises to help inform future policy.

## **Access to services**

- 18 The Council has improved the accessibility of its services by extending electronic access, including on line access to planning applications. It is providing home visits for vulnerable benefits claimants and it is working with parish councils to provide local access more effectively. Reception facilities are being upgraded, including public access computer terminals. An 'access to services' programme is being rolled out from November 2006 to build on these improvements. The Council engages with its disability access group and runs an accessibility scheme to encourage local shops to improve access. It also engages with some minority communities, and after a slow start, it has achieved level two of the Local Government Equality Standard. It has not met all its targets in this area, for example it has not carried out equality impact assessments of its services, so cannot yet demonstrate equity in service provision.

## **Plans for improvement**

- 19 The Council has an awareness of its improvement needs and it has some clear plans to address them. It is refining its priorities to increase its focus on areas where it needs to secure change, for example regeneration and climate change, where it has established some very challenging targets. A range of improvement plans are recorded above and these address priority areas. These plans are at varying stages of development and some are not yet funded, but there evidence in the 2006/07 budget of resources being shifted to support priorities.

## **Capacity to secure improvement**

- 20 The Council has sufficient capacity to achieve improvement, although it has had to make efficiencies due to funding constraints in some services - for example in the Highways Section of Direct Services. Human resources have been stretched in benefits although this has not impacted on the quality of service. The Council is aiming to increase its ICT capacity and restructure its management in order to deliver the capacity it needs, and is currently preparing plans to address these issues.
- 21 The Council has a good record of joint delivery of services to increase its capacity, for example with the county council on grass-cutting and with a neighbouring council on procurement. It is currently reviewing the feasibility of delivering a range of services with Southampton City Council, including building control and environmental health. It is also looking at opportunities for joint working through the Hampshire Improvement Board. A major partnership - and project management - challenge for the Council is the strategic employment zone. This is progressing well in terms of beginning to establish the necessary partnerships but it is too early to comment on outcomes.
- 22 The Council has overhauled its performance management arrangements to support improvement, but senior managers recognise that there is still more to do. Councillors find performance information - both quality and availability - improved.



## **Other performance work**

- 23** The Hampshire Local Area Agreement (LAA) is progressing well with good engagement and cooperation from all partners. The LAA has eight clear priority outcomes and four 'flagship' initiatives each detailed in a shared three-year LAA Action Plan (April 2006 to April 2009). Steering groups to oversee the development of each project are now in place and the first six monthly (April to September 2006) performance LAA report and a prioritised action plan was produced and shared with partners and GOSE in November 2006. It is too early to draw conclusions on the progress except for some targets which are well established. The LAA will be subject to an annual refresh with GOSE to take effect from April 2007. The partners are taking this opportunity to assess performance and revisit some targets.

## Financial management and value for money

- 24 Your appointed auditor, PricewaterhouseCoopers LLP, has reported separately to the Resources Scrutiny Panel on the issues arising from our/the 2005/06 audit and has provided:
- an unqualified opinion on your accounts;
  - a conclusion on your value for money (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.
- 25 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).
- 26 For the purposes of the CPA your auditor has assessed the Council's arrangements for use of resources in these five areas as follows.

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**Table 1**

<b>Element</b>	<b>2006/07 assessment</b>	<b>2005/06 assessment</b>
Financial reporting	<b>2 out of 4</b>	1 out of 4
Financial management	<b>3 out of 4</b>	3 out of 4
Financial standing	<b>3 out of 4</b>	3 out of 4
Internal control	<b>3 out of 4</b>	3 out of 4
Value for money	<b>3 out of 4</b>	3 out of 4
Overall assessment of the Audit Commission	<b>3 out of 4</b>	2 out of 4

*(Note: 1=lowest, 4=highest)*

- 27 The auditor will produce a separate report setting out the results of this assignment but a summary of the key issues arising from the work are set out below.
- The Council continues to be below average in terms of cost and yet delivers high quality services in most areas. Similarly it has introduced processes to assess and challenge costs during the budget preparation process.
  - Financial management, internal control and financial standing continue to satisfactory despite the financial pressures that the Council faces.
- 28 The main area for improvement is as follows.
- The preparation of the Accounts for 2005/06 was significantly better in comparison to 2004/05, and the number of adjustments needed to the 2005/06 accounts was lower than for the prior year. There is, however, significant scope to improve this performance further in particular by performing a more thorough review of the draft financial statements prior to issue to the auditor.

## Data quality and performance indicators

- 29 For 2006/07 we were required to review the Council's management arrangements to secure good data quality, and to give a score between one and four for the arrangements, where a score of 1 indicates inadequate performance and 4 a strong performance. These themes and the Council's score for each are set out below.

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**Table 2**

Governance and leadership	2
Policies and procedures	2
Systems and processes	2
People and Skills	2
Data use.	2
<b>Overall score</b>	<b>2</b>

- 30 As reflected in the table above, the Council achieved an overall assessment of level two in terms of data quality. We concluded that the Council's arrangements to secure good data quality are adequate but there are a number of areas where arrangements could be strengthened. Our recommendations in this respect have been reported to the Council.
- 31 In addition we audited a sample of Best Value Performance Indicators (BVPIs) for 2005/06. We concluded that the indicators reviewed were fairly stated.

## Conclusion

- 32 This letter has been discussed and agreed with Bernie Topham. A copy of the letter was presented to leading councillors on 16 April 2007.
- 33 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

- 34 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.

Linda Krywald  
Relationship Manager