

Annual Audit Letter

Guildford Borough Council

Audit 2008/09

December 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

This report summarises the findings from our 2008/09 audit. It includes messages arising from the audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

Audit opinion

- 1 I issued an unqualified opinion on Guildford Borough Council's (the Council's) financial statements on 29 September 2009.
-

Financial statements

- 2 The financial statements overall were of a good standard. Working papers supporting the statements were provided on a timely basis, were clearly presented and of a good quality. Finance staff were helpful and responded quickly to our queries.
 - 3 There were a number of matters arising during this audit, which are set out in more detail from page nine of this report. These included:
 - an unidentified and unreconciled balancing figure of £272,000 on the cash flow statement;
 - an amendment to the classification of long term investments;
 - an ongoing deficit of £884,000 on the collection fund; and
 - the quality and timeliness of evidence supporting property valuations.
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Outstanding objection

- 4 An objection to the financial statements has been raised with me by a local elector. The objection concerns the lawfulness of items of account in respect of taxi licensing fees. I have discussed this matter with officers of the Council and I am considering the Council's representations on the matters that have been raised with me.
 - 5 The objection does not relate to a material item of account. It therefore has not prevented me from giving my opinion on the 2008/09 financial statements. However the 2008/09 audit will remain open until I have completed my consideration of this matter.
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Value for money

- 6 On the 29 September 2009 I issued an unqualified value for money (VFM) conclusion stating that the Council has adequate arrangements for securing economy, efficiency and effectiveness in its use of resources.
-

Impact of the recession on the Council's financial position

- 7** The Council responded promptly and decisively to the changing economic climate and expects to meet its financial targets in 2009/10. The Council has a clear picture of its future financial position and has communicated this to Councillors. However the future outlook is extremely challenging, with the underlying deficit predicted to rise to £7.8 million by 2013/14.
- 8** The economic downturn has had a significant impact on public finances and the bodies that manage them. The Audit Commission has reported on the impact of recession on local government finances in the national reports 'Crunch time' (published December 2008) and 'When it comes to the Crunch' (published August 2009). Both publications are available to read and download on the Audit Commission's website www.audit-commission.gov.uk.
- 9** In 2008/09 the Council's income exceeded its expenditure by £2.3 million. This was due to interest receipts during the year being higher than anticipated and also due to a number of specific non-recurring items of income, including a VAT reclaim, which were not originally included in budget forecasts. However, the situation in 2009/10 has been more challenging. The Revenue Support Grant increased by just 0.5 per cent; below inflation, and effectively a reduction in real terms over the previous year. Lower interest rates have resulted in reduced investment income and the Council has experienced a significant reduction in other sources of demand-led income. Car parking income is forecast to be £421,000 less than budget by the year end and in leisure services there is a budget shortfall of £670,000, as the service experienced both lower income and higher expenditure than forecast. At the same time the demand for certain services, such as new benefit applications and concessionary fares, has continued to rise, which increases the pressure on expenditure.
- 10** The Council reacted quickly and decisively to the downturn and implemented measures to reduce costs and maintain council tax and housing rental income collection levels. The Council's 'spend to save' reserve of £864,000 aims to secure long term savings from one-off investments. £2.1 million of savings were built into the 2009/10 budget. The Finance report to the Executive on 26 November stated that £1.8 million of those savings are on target to be achieved. The Council has yet to identify how the remaining £300,000 of savings can be achieved but is currently considering how best this can be realised.
- 11** The future, however, continues to look difficult. The financial challenges the Council has experienced during 2009 are set to increase in the medium term. The Council is likely to receive low or reducing Revenue Support Grant settlements over the next few years and is unlikely to receive any significant capital receipts in the near future. Current low base rates will continue to have a significant impact on interest receipts. The Council's investment in a new Civic Hall will have revenue implications, in terms of initial operating costs and lower interest receipts and, in addition, the Council expects to pay increased and backdated pension fund contributions from 2010/11.

Key messages

12 The Council does, however, have a clear picture of its future financial position and the size of the challenge it faces and has developed a track record of responding over the past few years. In a report to the Executive in November 2009 the Council predicted the gap between its predicted expenditure and likely income will rise to £7.8 million by 2013/14. Addressing such a large gap between income and expenditure will be extremely challenging. In future the Council is likely to be operating in a difficult macroeconomic environment, in which public sector spending cuts are likely. Medium and long term financial plans will need to take account of the increasing financial challenges and the Council may face some difficult decisions if it is to maintain financial balance and services in the new financial environment. Different models of service delivery and new opportunities for greater partnership working will be required. Critical to this will be identifying worst case scenarios and planning counter measures to mitigate these within the financial plans. It will also be essential that the Council remains responsive and flexible to changing financial challenges and requirements as the wider economy responds to the economic and political situation.

Treasury management

13 During 2008/09 there was a worldwide banking and financial crisis which had a major impact on treasury management in the public sector. Two of the most significant developments were the collapse of Icelandic banks and the reduction in interest rates in the latter half of 2008/09.

14 The Council has prudent treasury management arrangements, which enabled it to manage the risks around the banking crisis during 2008/09. The Council has a long term arrangement with its financial advisers, part of whose remit is to keep the Council informed of developments in the wider economy. The Council had no deposits in Icelandic banks and the capital value of the Council's investments has to date been relatively unaffected by the events of 2008/09. The Council reports that its returns on investments in 2009/10 are in excess of its budget targets.

15 During 2009/10 the Council developed more detailed operational procedure notes for Treasury Management. Routine investment decisions are made by the Treasury Management accountant, operating within the framework of the Treasury Management strategy, which includes pre-approved amounts and institutions. The Council's Treasury Management strategy is based on national guidance issued by CIPFA. The Council reports annually to the Executive on Treasury Management when seeking re-approval of the Treasury Management strategy.

16 The Audit Commission reported on Treasury Management in local government in a national report 'Risk and Return' (published March 2009) which is available on the Audit Commission's website www.audit-commission.gov.uk. This report focuses on the important role of councillors in exercising overall governance of Treasury management arrangements. Leading practice is for such matters to be reported regularly to a committee with specialist knowledge of Treasury Management, and for relevant Councillors to have training in Treasury Management arrangements.

- 17** We recommended that the Council should consider revisiting its Treasury Management governance arrangements in light of the ongoing and longer term risks arising from the current recession, using the revised CIPFA Code of Practice and the Audit Commission's '*Risk and Return*' report as a benchmark. The council has now decided that the Corporate Improvement Scrutiny Committee will receive regular Treasury Management reports, and the Council is looking to expand its Treasury Management Panel involving Councillors and its remit.

Preparation for International Financial Reporting Standards

- 18** All councils will be required to implement new International Financial Reporting Standards (IFRS) in 2010/11. This will be a significant change in accounting requirements and is likely to require a large commitment of time and resources. The nature of the changes, particularly with regard to the treatment of fixed assets, leases and payroll, mean that the implications will be far wider than just the Finance department and are likely to require the involvement of a wide range of officers and Councillors, with responsibility for areas such as HR and estate management.
- 19** We have considered and discussed the Council's preparations for IFRS. The Council has prepared an outline project plan and timetable in line with national guidance from CIPFA. The Management team has been briefed on IFRS but we are not aware that Councillors have as yet been briefed. The Council has identified leases and property assets as the main areas of impact, as the Council owns a large portfolio of assets including council dwellings and investment properties.
- 20** The Council is at an early stage of its preparation for IFRS and the scale of the required changes should not be underestimated. We will continue to monitor progress and to discuss IFRS implementation with management as the year progresses.

Replacement of the Civic Hall

- 21** In May 2009 the Council approved a major new capital investment to replace the Civic Hall. Work commenced on the building in 2009/10. The Council has proceeded with this as part of a wider strategy to promote confidence in the local economy. We continue to monitor progress with the scheme.

Equalities Standard in local government

- 22** In previous years' audit letters we have commented on the Council's performance against the equalities standard in local government. During 2008/09 the Council was rated at level 1, which was among the worst performing councils nationally. However, in 2009/10 the council completed the implementation of the action plan which resulted in it being awarded level 3 status in September 2009.
- 23** From October 2009 the equalities standard is superseded by the new equalities framework. The Council is rated as 'Achieving' against the new framework.

Certification of claims and returns

- 24** We certify a number of claims and returns on behalf of grant paying government departments. The largest of these is the housing and council tax benefit subsidy claim.
 - 25** We were able to certify the claim by the due date of 30 November. Staff in the benefits section were very helpful and supportive to us in carrying out this work. There were a number of errors and late changes to this claim, which led to extended testing and to amendments. As a consequence our certification work took longer to carry out than might otherwise have been the case.
 - 26** We will be discussing these issues with the Council to establish what improvements can be made to processes and time scales for the 2009/10 certification.
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Audit Fee

- 27** I issued my audit plan for the year 2008/09 in May 2008. In this plan I set out a proposed audit fee of £107,276. This planned fee was 20 per cent (or £26,517) lower than the Audit Commission's scale fee for Guildford. The scale fee is the fee that legally applies to all organisations within the Audit Commission regime, whether audited directly by the Commission itself or by a firm on the Commission's behalf. In Guildford's case the scale fee (which was calculated at £133,793 for 2008/09) represents the amount that the Commission determined is typically required to deliver an audit at a Council of Guildford's size and complexity, to comply with relevant professional standards.
- 28** Having now completed the audit there were a number of matters which led to additional work, particularly with regard to fixed asset valuations and impairments, which were not part of my original audit. In September 2009 I notified the Council of an additional fee for opinion work of £6,100 which was agreed with officers.
- 29** I have also undertaken additional work, including seeking professional advice, to investigate the objection to the financial statements. My work on the objection is ongoing and will be subject to a separate fee.
- 30** My audit fees for certifying grant claims are charged on a per diem basis and my work is still ongoing. This work should be complete by the end of December 2009.

Table 1 **Audit fees**

	Planned	Actual	Variance
Financial statements and annual governance statement	£75,033	£81,133	£6,100
Value for money	£32,243	£32,243	£0
Total audit fees	£107,276	£113,376	£6,100
Grants work	£41,715	£44,000*	£2,285*
Total	£148,991	£157,376	£8,385

* Grant claim certification work is paid for on a per diem basis and some work is still ongoing (Housing subsidy). Figure quoted is an estimate.

Independence

31 I can confirm that the audit has been carried out in accordance with the Audit Commission's policies on integrity, objectivity and independence.

Financial statements and annual governance statement

The Council's financial statements and annual governance statement are an important means by which the Council accounts for its stewardship of public funds.

Significant issues arising from the audit

- 32** I issued an unqualified opinion on the Council's financial statements on 29 September 2009. The statements were of a good standard overall and there were few amendments to the draft statements. There were a number of matters arising during the audit, which were reported to the Council's Standards and Audit Committee in September 2009. The main points are set out in the paragraphs which follow.
- 33** The Council's cash flow statement contained an unidentified and unreconciled balancing figure of £272,000. The balancing figure is below the level of materiality for my opinion. We discussed this matter with Council officers, who have agreed to investigate and revisit the approach to producing the cash flow statement for 2009/10.
- 34** Nationally there was a significant reduction in the market value of all types of property in 2008/09. My team held extensive discussions with Council officers regarding evidence to support the valuations of properties on the Council's balance sheet and to demonstrate compliance with relevant accounting requirements. The Council provided this information and has agreed that in future years it will provide appropriate audit evidence, prior to the commencement of the audit.
- 35** Officers agreed to amend the classification of long term investments on the balance sheet. This amendment had no impact on the bottom line income and expenditure or to the valuation of assets.
- 36** The collection fund has been in deficit for several years, with the deficit being £884,000 as at March 2009. This is largely due to banding changes being higher than anticipated, which has reduced the size of the tax base. The Council has taken action by increasing the allowance for losses on collection. In doing so the Council predicts that the collection fund will be in credit by the end of the 2009/10 financial year. We will continue to monitor the Council's progress towards achieving financial balance by the year end.
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Material weaknesses in internal control

- 37** Through our reviews of financial systems and controls we did not identify any material weaknesses in internal control.
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- 38** I do not provide a comprehensive statement of all weaknesses which may exist in internal control, or of all improvements which may be made. I only report on those matters which have come to our attention because of the audit procedures that have been performed.

Accounting practice and financial reporting

- 39** We have focused closely on Members allowances and Related Party Transactions in our audit, given the public interest in the expenses and interests of those in public office.
- 40** We reviewed the Related Party Declarations that had been made and the disclosures in the financial statements. While the Council complies with the SORP requirements in its disclosures, these represent minimum expectations. The Council may want to take the opportunity in future years to revisit the extent of the disclosures and, in discussion with Councillors, demonstrate its commitment to leading practice in this area.
- 41** All individuals who were asked to make a Related Party Transaction declaration did so. However, while all Councillors made a declaration, only four officers were asked to declare (being the Chief Executive and three strategic Directors). Whilst the accounting standard FRS8 is not prescriptive about what constitutes a senior officer for the purpose of making a declaration, it is leading practice that officers who are significant budget holders, or who are responsible for making significant decisions, should also make a declaration. The Council agrees with this position and identified a number of other officers from whom a declaration was obtained. In future years, the Council has agreed to review who should make a declaration and to seek declarations from this wider group.
- 42** The Council also agreed to add additional narrative context to the financial statements for the disclosure of Members allowances, to explain to the reader what these represent and the reasons for any increases.

Value for money and use of resources

I considered how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people, and gave a scored use of resources judgement.

I also assessed whether the Council put in place adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

Use of resources judgements

- 43** In forming my scored use of resources judgements, I have used the methodology set out in the [use of resources framework](#). Judgements have been made for each key line of enquiry (KLOE) using the Audit Commission's current four point scale from 1 to 4, with 4 being the highest. Level 1 represents a failure to meet the minimum requirements at level 2.
- 44** The use of resources assessment forms part of the Comprehensive Area Assessment (CAA) framework. CAA examines how well councils and other public bodies in an area, work together to meet the needs of the people they serve.
- 45** Use of Resources forms one part of the Council's Organisational Assessment under CAA, the other being Managing Performance. Overall the Council was rated at level 3 for the Organisational Assessment, which is 'performing well'.
- 46** The Council's final use of resources theme scores are shown in Table 2 below. The key findings and conclusions for the three themes, and the underlying KLOE, are summarised in Appendix 1.
- 47** From 2008/09, the use of resources assessment is more demanding than previous assessments. The assessment is more strategically and broadly based than previously, and embraces wider resource issues, such as workforce planning and procurement. The assessment focuses more on value for money achievements, outputs and outcomes, rather than on arrangements and processes. Scores for the 2008/09 assessment are not therefore comparable to previous use of resources scores.

Table 2 Use of resources theme scores

Use of resources theme	Scored judgement
Managing finances	2
Governing the business	2
Managing resources	2

- 48** The new approach to use of resources places a greater emphasis on partnership working and equalities in use of resources, as themes which run through the whole assessment. These themes have been considered in arriving at the Council's use of resources scores.
- 49** Partnership working between the County and districts, and between the districts, is not as developed as it could be. There is scope for Surrey as a whole to consider more widespread and innovative shared service arrangements and explore opportunities to provide more efficiencies and better value for money. In Guildford Borough Council there are a number of partnerships, including housing partnerships with other councils, which are having a positive impact. The Council is actively seeking new opportunities for partnerships. The Council should build on these foundations to develop partnership working further. The Council has informed us about a number of significant initiatives in the current financial year, including the proposed leisure services tender, which we will consider as part of our 2009/10 assessment. A number of Surrey councils are also considering new shared service arrangements under the 'Surrey First' initiative.
- 50** The Council's approach to equalities was developing during 2008/09. During the period of review the Council was rated at level 1 of the equalities standard in local government, which was among the worst performing councils nationally. An action plan was implemented and the Council subsequently achieved level 3 of the equalities standard on 30 September 2009. This is equivalent to 'Achieving' level under the new Equalities Framework.
- 51** Use of Resources is a retrospective review of 2008/09 and as such, developments in 2009/10 have not impacted on our scores for 2008/09. We will consider developments in this area as part of our Use of Resources review for 2009/10.
- 52** The Council has a good track record of robust financial management and of meeting its financial targets. Key performance indicators show performance overall to be above average and improving in priority areas. Costs are generally below average. The recession has had a significant impact on the Council's finances, and the Council has taken appropriate action to address this.
- 53** The Council is working to enhance its arrangements to secure good quality data. However there remain some improvement areas which we have identified in our testing of performance indicators and benefits cases for the grant subsidy claim. Internal Audit also raised some concerns in its testing of performance indicators.

Value for money and use of resources

- 54** The Council has some good arrangements in place for workforce management, communication and sickness management. There is some scope to develop the longer term workforce strategy.
- 55** We have been in discussions with management over the timing, scope and audit evidence required for the 2009/10 review. As part of the 2009/10 use of resources we will be reviewing the theme 'Managing Natural Resources'. This review will focus on the Council's approach to sustainability in use of resources. This will be the first time that we review this theme as part of our use of resources assessment. We have sent details to officers of the scope of our assessment and of the main areas we will be reviewing. We will discuss this with the Council as the year progresses.

VFM Conclusion

- 56** I assessed your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. From 2008/09, the Audit Commission will specify each year, which of the use of resources KLOE are the relevant criteria for the VFM conclusion at each type of audited body. My conclusions on each of the areas are set out in Appendix 1.
- 57** I issued an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources.

Closing remarks

- 58** I have discussed and agreed this letter with the Chief Executive and the Director of Finance, who have agreed to discuss and circulate the report with relevant Members.
- 59** Further detailed findings, conclusions and recommendations in the areas covered by our audit are included in the reports issued to the Council during the year.

Table 3

Report	Date issued
Audit and Inspection Plan	May 2008
Interim Audit memorandum	June 2009
Annual Governance Report	September 2009
Annual Audit Letter	December 2009

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- 60** I wish to thank the Council's staff for their support and co-operation during the audit.

Paul Grady
District Auditor
December 2009

Appendix 1 – Use of resources key findings and conclusions

The following tables summarise the key findings and conclusions for each of the three use of resources themes.

Managing finances

Theme score – 2

The Council has sound financial management arrangements and a good track record of meeting budget and savings targets. The medium term financial strategy is clearly linked with service planning.

Like all councils, Guildford's financial position is affected by the recent economic downturn. Major sources of income have reduced while demand for some services is increasing. At the time of our review the Council had identified that additional savings of around £2.7 million would be required in the longer term. Specific savings schemes for 2009/10 were identified, itemised and built in to the budget. In the longer term the Council recognises that different models of service delivery will be needed.

The Council actively seeks opportunities to show leadership in supporting the local economy, for example working with local businesses and promoting free parking weekends. The approval of the new Civic Hall development is also seen by the Council as a means to show confidence in and to support the local economy. The Council has also invested in park and ride facilities in Guildford and is planning a significant investment in the bus station.

The Council has a prudent approach to Treasury Management and was unaffected by the recent failure of Icelandic banks.

In 2008/09 the collection fund was in deficit by £884k and has been in deficit for at least four years, due to higher than anticipated levels of banding appeals. The Council projects that the fund will return to financial balance by March 2010.

The Council produced an equalities impact assessment of its financial plan in March 2009. In 2008/09 the performance against the equalities standard was at level 1. The Council implemented an action plan to address this and achieved level 3 in September 2009. There is scope to provide more structured finance training to staff and all councillors, to equip them to fulfil their respective roles in managing the Council's finances.

The Council continues to achieve above average performance outcomes at relatively low cost. Performance is good in the Council's priority areas. Value for money is a key service priority for the Council and is embedded across the Council's activities. There is an ongoing programme of value for money reviews. Savings targets have been regularly met and exceeded, and significant savings have been achieved through management restructuring.

The Council has a good understanding of its comparative costs but has scope to make more use of Whole Life Costing.

The proposed Civic Hall development has recently been approved following a robust business case development and exploration of different financing options. This has resulted in some significant savings from earlier proposals.

Budget reports are prepared monthly for Budget holders and quarterly for councillors. Budget holders meet with accountants every month.

The Council has a track record of producing timely, good quality accounts. This year's accounts were similarly of a good quality overall. We have raised a number of issues in this report for the Council to consider around the accounting treatment of fixed asset impairments, investments and the cash flow statement. In our view it is timely for the Council to consider what represents best practice in the disclosure of Related Party Transactions and Members Allowances.

Financial information is published for all households in the Borough in the 'About Guildford' magazine. The information is clearly presented and easy to understand.

For improvement the Council should focus on the following areas.

- Restore the collection fund to financial balance.
- Demonstrate outcomes for local residents from recent action taken to address the impact of the recession.
- Carry out more structured finance training for relevant staff and all councillors, to equip them to carry out their roles effectively.
- Ensure equalities issues are specifically considered as part of financial planning.
- Address the financial reporting improvement points highlighted in the Annual Governance report.

Governing the business

Theme score – 2

The Council's procurement decisions are based on sound principles. IT procurement is improving services and promoting sustainable approaches. Reductions in costs are sought from suppliers, for example significant savings have been secured on the Civic Hall contract. At the time of our review the potential for efficiencies through joint procurement was being explored in discussion with neighbouring councils. The most significant example of these is the planned leisure services tender, together with Woking Borough Council. Progress has since been made on these and we will consider their effectiveness as part of our 2009/10 review.

There are good arrangements to use data to support performance management and planning. Appropriate data security policies are in place and in 2008/09 the Council received accreditation under Code of Connect.

However both last year and this year there have been some issues with the quality of data, identified through detailed testing of performance indicators and grant subsidy claims. We have identified a number of errors in our benefits testing. Internal Audit reported concerns over PI KLI002 'Duty to promote Race Equality'. Data quality arrangements are not always reflected in the data used at service level and there are not always clear policies and guidance at service level.

The Council has clearly articulated priorities and performs well against them. There are clearly defined roles for Councillors and senior officers in the constitution. There are codes of conduct for staff and Members and the Member development programme is being updated.

A number of partnership arrangements are in place which are performing well and which have appropriate governance arrangements in place. The Local Strategic Partnership and the community strategy have recently been redrafted. At the time of our review the Council was progressing a number of significant partnership arrangements. We will review these as part of our 2009/10 assessment.

The Council's risk management policy and risk register are regularly reviewed and updated. Relevant Members and officers have received training. Risk management has been applied to the Civic Hall project to manage the risks of funding and delivering a major new capital scheme. Business continuity and ICT continuity plans are regularly reviewed, updated and tested.

The Council has a sound system of internal financial control. This includes an in-house internal audit function which complies with relevant standards. There is a Standards and Audit Committee in place which has exercised its role to challenge officers on significant matters such as the Council's performance on equalities and data quality. There are now action plans in place to address these issues which we will follow up as part of next year's audit.

Theme score – 2

The Council has a fraud and corruption policy and a whistleblowing policy. There is effective partnership working with other organisations to counter fraud and to investigate data matching. The record of successful prosecutions is among the best in the country and some significant sums have been recovered as a result.

For further improvement the council should focus on the following areas.

- Demonstrate positive outcomes for local residents from partnership working.
- Demonstrate efficiencies from joint procurement.
- Strengthen data quality arrangements and improve monitoring, to promote a better quality of data at service level.
- Provide evidence of positive outcomes from internal control arrangements, including internal audit.

Managing resources

Theme score - 2

The Council is improving its approach to identifying and delivering effective training and development. Actions include amendments to the performance management process. It is working to improve the skills of its workforce. The Council uses its appraisal system to identify skills or knowledge gaps. Training and development plans are agreed with staff. Budgets to fund training across the organisation include professional qualifications, customer services skills and support for employees with English as a second language. The Council is promoting itself as a good employer. IIP status has been achieved and several charter marks have been awarded giving external recognition, it also promotes itself using its website. The Council recognises high performance. Under the 'Guildford Gems scheme' staff can be nominated for awards for delivering exceptional service.

There is some scope to develop the longer term workforce strategy, incorporating future staffing levels, continuity, skills and qualifications required. Service plans set out current requirements and include predictions of changes for the following year. A growth bid processes is in place to manage this.

The Council communicates and supports staff through changes to organisational structure and corporate strategies. The Chief Executive clearly communicated and engaged staff in the recent restructure of the senior management team. All staff receive regular communications and consultation. To support effective communication and consultation the Council has 'staff side' representation and a staff forum which together cover all employees.

The Council has a range of policies and procedures that support good people management. However it was slow to address the equalities standard. To improve its performance against the equalities standard all policies are being reviewed and strengthened and the Council achieved level 3 of the equalities standard in September 2009.

The Council has a number of initiatives in place to address sickness absence, including, a physiotherapy trial at the depot. Occupational health advice is used to support people back to work. Counselling is offered where needed. The Council's manual handling policies and training have reduced sickness levels in manual services and the Council informs us that sickness absence levels compare favourably with similar councils.

For further improvement the Council should focus on the following areas.

- Develop workforce planning over the longer term.
- Implement the action plan to achieve level 3 against the equalities framework.

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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