

# Annual Audit Letter

Herefordshire 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 my 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. It also provides a summary of Comprehensive Area Assessment Lead's review of how well public services are delivering results for local people.**

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## Overview

- 1 The Council has improved the way it manages itself in many areas this year but it is too early to see the full results. Major changes have been made, and are continuing to be made, to the way the Council and NHS Herefordshire, in particular, are working together such as the establishment of the Joint Management Team. Significant work has taken place to plan much improved ways of delivering health and social care across the county and to jointly procure support services. It should place the Council in a good position for the future.
  - 2 The Council manages its finances well but is aware that future cost pressures such as an ageing local population and reductions in central government funding, will mean that the medium term financial position will be very difficult. This means that ways of reducing expenditure will need to be robustly pursued and the implementation closely monitored by Members. The Council plans to make major changes to its asset base which should not only save money and make buildings more appropriate for current purposes but will also reduce the Council's own carbon footprint.
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## Value for money

- 3 The Council has responded very well to my report on planning services in January 2009. A new constitution was approved in November which is leading to the introduction of a new single planning committee and new planning delegation arrangements to Officers. This should not only save money, but improve the quality and credibility of decisions made.
- 4 The Council has made progress in its adult social care service. We found in late 2008 that Herefordshire was addressing its charging arrangements and had acted to increase the income it received towards the cost of social care services. However, it did not have an effective commissioning strategy. The Council had a traditional commissioning process and the NHS focused mainly on making placements and block contracting. Herefordshire Council and NHS have, however, set up a new Integrated Commissioning Directorate. This appears to address the issues we had raised and now that it is fully in place, we plan to review in early 2010 see if it will deliver improvement.

- 5 The future of waste disposal within the County continues to be uncertain. Whilst the Council has been involved in lengthy discussions with potential partners to try and reach a solution which will reduce the amount of waste going to landfill, a solution is yet to be finalised. As a result there continues to be a risk that the contract in place to deal with waste disposal will have to terminate. The Council has worked to reduce the tonnage of waste collected, increase the amount of recyclable waste, and reduce the amounts going to landfill. However a waste treatment facility is needed to deal effectively with biodegradable waste and until this happens, the Council will incur financial penalties. Given the potentially long process to provide the new facility and the financial implications of delay, the Council needs to do everything it can to find a solution.
- 6 The new assessment of use of resources this year is broader and more demanding. Against the new criteria, I have assessed Herefordshire Council as performing adequately in managing and using its resources to deliver value for money and better and sustainable outcomes for the people of Herefordshire. In relation to those areas I have reviewed previously, I consider that the Council has continued to make progress.
- 7 I issued an unqualified conclusion on the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources.

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### Financial statements

- 8 The audit of your financial statements went well. Good quality statement of accounts and supporting papers were produced and Officers gave priority to ensuring the audit went smoothly. I gave an unqualified opinion on these accounts in September 2009.
- 9 A new joint approach to the audit of some of the larger grant claims this year has saved the Council a significant sum of money but the Council can still improve its administration of smaller grant claims.

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### Comprehensive Area Assessment

- 10 The Council has responded very positively to the Comprehensive Area Assessment (CAA) process and has worked well with partners on evaluating successes and risks. This has been very helpful in the delivery of CAA.

Recommendations	
<b>R1</b>	Continue to actively pursue a satisfactory conclusion to waste management as soon as possible.
<b>R2</b>	Continue to make progress in changing the way planning services are provided.
<b>R3</b>	Respond to recommendations in my follow up report on Adult Social Care in early 2010.
<b>R4</b>	Ensure that the recommendations in the use of resources report are delivered.

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# Value for money and use of resources

I considered how well the Herefordshire 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 Herefordshire 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.

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## Use of resources judgements

- 11 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.
- 12 I have also taken into account, where appropriate, findings from previous use of resources assessments (updating these for any changes or improvements) and any other relevant audit work.
- 13 The Council's use of resources theme scores are shown in Table 1 below. The key findings and conclusions for the three themes, and the underlying KLOE, are summarised in our use of resources report.

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**Table 1** Use of resources theme scores

Use of resources theme	Scored judgement
Managing finances	3
Governing the business	2
Managing resources	2

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- 14 The assessment of use of resources this year is broader and more demanding. Against the new criteria, I have assessed Herefordshire Council as performing adequately in managing and using its resources to deliver value for money and better and sustainable outcomes for the people of Herefordshire. I think it is important to stress that I consider that the Council has continued to make progress on those areas I have reviewed previously.

### Managing finances including treasury management

- 15 The Council performs well in managing its finances. It has good medium term financial planning and monitors its budgets closely. There is a good well integrated system for medium term financial planning linked to priorities and we have seen many positive outcomes from this process. It is improving its use of information on costs and performance in decision making and commissioning but this is not yet done consistently. Needs analysis in key areas such as social and community health care has driven policy making and resource allocation. The Council wants to integrate testing for value for money into its joint commissioning with partners such as the NHS. Debt collection is good. The process for the production and audit of financial statements is good. Annual reports are very accessible and understandable and the public appreciate this. There is no reporting of the Council's progress in reducing its environmental footprint in the report. Internal users view financial information positively.
- 16 Treasury management arrangements are robust and a risk based approach has meant arrangements have been adapted to recent events. The Council did not have any Icelandic investments at the time of their collapse. Given the risks prevalent now, consideration should be given to enhancing the scope of reporting to Members but this is clearly a matter for local determination. This should consider issues such as the audience, content and frequency of monitoring reports (including benchmarking of performance), training for Members and the content of the annual treasury management framework/policy approved by Members. Six monthly briefings on treasury management have started to be circulated to Members.
- 17 The last year has seen the country in a significant economic recession. The consequence locally, is an increasing demand for public services and the likelihood of reduced levels of central government funding. Together, these provide a significant challenge for local councils as they seek to continue to provide services to local residents, whilst maintaining a sound financial position. Members will need to ensure that financial savings are actively pursued and monitor the implementation closely.
- 18 The impact of the recession will continue to present a challenge to the Council in the coming financial year. I will continue to monitor the Council's response and actions in this key area.

### Governing the business including the National Fraud Initiative

- 19 The way that the Council monitor and manage its performance has improved. Data quality now has a high corporate profile and the Audit and Corporate Governance Committee has shown an effective interest in this issue. The Council had to do a lot of work to make sure that the data that it produces is accurate. This is starting to pay off as the information that it uses to make decisions is getting better although it is not complete yet. Councillors and senior managers actively challenge how services are being delivered and make sure that improvements are made where necessary. But some of the reports that Councillors get to help make decisions are not always clear and need to be improved.

## Value for money and use of resources

- 20** There is a developing understanding of local needs. There is some emerging good practice in the involvement of users in the commissioning of services in some areas but the involvement of councillors in key commissioning decisions is under developed. A range of work is ongoing to restructure the way services are delivered in response to need but it is not yet resulting in consistently improved outcomes across key services. Although some joint procurement with the PCT has occurred its impact on services for the public is not yet clear. Comparative data to help gain a more rounded picture of the supply market has been collected and the Council has begun to use this to commission services. Different options for service procurement are being explored but this is not done comprehensively. Regular reviews of service competitiveness are becoming common although the process has not yet had a consistent impact. Procurement is increasingly aimed at delivering value for money although the Council does not always check that this has been subsequently achieved.
- 21** Internal control is generally good but weaknesses were found in some material systems. The Council has responded to these findings. The Audit and Corporate Governance Committee provides robust challenge. Risk management is adequate but the Council needs to review the effectiveness and impact of risk management e.g. in helping deliver innovative projects or reducing uninsured claims costs. There is proactive anti-fraud work achieving good outcomes in Benefits. The Audit Commission's National Fraud Initiative (NFI) involves comparing information held on many government systems to identify potential frauds and I assessed the Council's use of this is satisfactory.

## Managing resources

- 22** The Council has a joint environmental policy with the NHS but as this is recent, it has not yet delivered outcomes. Targets are being set for improving the Council's use of natural resources but it does not yet have a full set of information that it can monitor progress against. The Council also has plans for major changes to its asset base to ensure that it is fit for its purpose, improves energy efficiency and access to services for the public but these are also at an early stage. The Council is keen to share buildings with other organisations like the Police and the health service so that costs can be reduced and the public get better access. Work on this is starting but the Council also knows that it has a lot of buildings that are not suitable and this will take time to change.

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## VFM conclusion

- 23** 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 specifies each year, which of the use of resources KLOE are the relevant criteria for the VFM conclusion at each type of audited body.
- 24** I issued an unqualified conclusion stating that the Herefordshire Council had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources.

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**Delivering value for money in Older Person services**

- 25 Demand for the services that support older people in Herefordshire is increasing. Council officers expect an extra 55 per cent of older people will need help by 2020.
- 26 The Council and NHS understand that meeting this increase in demand will have a major impact on the way it delivers services to older people in Herefordshire. They realise that to meet this demand they must make best use of their resources.
- 27 I agreed to work with Herefordshire to review how it has changed its services for older people to deliver better Value for Money.
- 28 I undertook the work in two parts.
- I completed phase one (which looked at how the Council charge for care services and how it managed the cost of its care services) in August 2008. In September 2008, I agreed my findings with the Council. I reported that the Council:
    - was addressing its charging arrangements and had acted to increase the income it received towards the cost of social care services;
    - had set up a ‘re-commissioning project’ designed to address issues we had identified in the way it managed the cost of its care services, including arrangements for analysing the local care market, making homecare pricing simpler and improving monitoring of homecare services: and
    - did not have an effective commissioning strategy.
  - I initially completed phase two (which looked at joint commissioning) in November 2008 and met with senior officers to discuss my findings in December 2008. I reported that the Council:
    - had started to develop a commissioning strategy, but it was still at an early stage in its development;
    - Herefordshire Council had a traditional commissioning process, with older people commissioning only developing in specific areas, such as day care. Social services commissioning lacked direction, with a limited focus on proactive commissioning;
    - NHS Herefordshire commissioning focused mainly on making placements and block contracting (for example acute services and specialist services). It gave little priority to managing local markets and achieving best price;
    - Joint Commissioning was managed through the IMPACT team and overseen by the Adult Commissioning Board, but the team's role had been eroded;
    - An Intermediate Care Strategy had been agreed by the Adult Commissioning Board and several developments were planned (for example, Telecare/ Assistive technology, Extra Care Sheltered Housing, and Reablement Beds);
    - Social Care was represented on the PCT's Professional and Commissioning Executive; and
    - Herefordshire had started to offer individual budgets.



## Value for money and use of resources

- 29 The Council explained that it was developing plans to improve joint commissioning. I therefore agreed to review the Council's plans again in February 2009. At that time the Council and PCT told me they had agreed to set up a new 'Integrated Commissioning Directorate' and that the new Directorate would be in place by 31 March 2009. The new structure appeared to address the issues I raised at the end of phase 2, but until restructuring had been completed I could not say if it would deliver improvement. I therefore agreed to review what improvement had been delivered after allowing sufficient time for the changes to make a difference. I plan to do this early in 2010.

## Planning services

- 30 The planning system plays an important role in people's lives. Effective land use is vital for the well being of the country. Planning is about delivering what people want: jobs, homes, lively city centres, better transport, and sensitive care for our historic buildings and the countryside.
- 31 An effective, progressive service will enable local community, regional and national priorities to be realised, and do so efficiently, and in a manner which enhances public satisfaction and confidence with both the process and the outcome of the planning decisions the Council makes.
- 32 My work in Herefordshire focused on a narrow range of issues which I had previously identified as potential areas of risk for the Council. I found a number of issues that needed addressing to ensure that in the future more serious problems are avoided.
- 33 I considered that existing planning decision-making arrangements at committee were cumbersome. Key characteristics included a system where all Councillors play a part in decision making through area committees, a two-tier committee structure, and complex referral and delegation mechanisms. Furthermore, I felt the way Councillors participated in planning decision making within these arrangements was having a negative impact on the efficiency and effectiveness of the service.
- 34 The Council was not effectively using the judgements of external bodies, such as the Local Government Ombudsman, the courts, or the Planning Inspectorate to improve the soundness of its planning decision making and its service delivery, and thereby reduce potential risks. The service had overspent by more than £400,000 in legal costs alone in the last four years in defending appeals, yet the Council had so far not accepted the findings of external bodies and initiated appropriate action to minimise future reoccurrence. The Council was also missing the chance to use existing contact with stakeholders, such as the Agent's Forum, as a means of gaining users' views on service quality. There were no mechanisms in place to seek such feedback which could be used to gain external views about the planning service to improve future delivery.

- 35** The existing decision-making procedures for determining planning applications were complex and unlikely to be readily understood by the public. As a consequence, the perception was that they were not consistent, fair or transparent despite the fact that the procedures were formally set out in the constitution. Planning files and reports to committee provided a clear account of how applications have been handled, but on occasions Members were perceived to be voting and making decisions in the absence of established reasons. The call in and referral processes lacked transparency and added delay and uncertainty to the decision-making process. This also led to a lack of accountability for the final decision. The delegation agreement identified what decisions were delegated to officers but its wording was confusing and the number of applications referred to committee remained high. This adversely impacted on the capacity of the planning service.
- 36** Councillors were not effectively balancing their different responsibilities. Councillors took their local representational role very seriously: they had a deep-seated belief that this is the purpose for which they have been elected. However this local advocacy carried over into planning decision-making which was then unduly influenced by the local perspective. This meant decision-making could be overly parochial although it did not routinely raise significant probity issues. This bias was amplified by the existing committee and decision-making arrangements and by the way debate was conducted.
- 37** The quality of training was generally good and it was well received by those members who attended. However, there was no clear structure to training and development opportunities to ensure learning and experience was consolidated, and training was not mandatory or needs based.
- 38** The Council has responded very well to my report to date. A detailed action plan was agreed in July to bring about the delivery of all the recommendations in my report and the recommendations made by the Council's own Environmental Scrutiny Committee Review Group. A new constitution was approved in November which is leading to the introduction of a new single planning committee, new planning delegation arrangements to Officers, a new code of practice on planning matters for officers and members and detailed advisory notes on the operation of the new system.

### Follow up of procurement

- 39** In Autumn 2008, I carried out an audit of the Council's developing approach to procurement and of the process for developing the partnership arrangement with Amey Wye Valley and Amey Owen Williams (Amey). I made seven recommendations for improvement and agreed that I would follow up the Council's progress in implementing them.
- 40** I recommended that the Council embeds good procurement practice across the organisation and monitors adherence to the framework: The Council is making steady progress. A revised procurement strategy has been in place since June 2009 and the importance of corporate procurement guidance is being reinforced through a series of training courses.

## Value for money and use of resources

- 41 The recommendations I made regarding the change in partnership arrangements with Amey were made whilst the process was on-going to ensure that they were taken on board in good time. These recommendations ranged from performance monitoring, the transfer of risk to the contractor and clarity about the expected savings to be gained from the new approach.
- 42 The Council has responded positively to the recommendations regarding the Amey partnership in our report. It has worked with Amey to develop a performance management framework for the contract. This involves regular reporting on service performance and allows for the contract's contribution towards sustainable community strategy and other Council corporate outcomes to be defined and tracked. Arrangements for the client team include a defined challenge role. In addition to regular internal monitoring and reports to the Strategic Board, progress reports will be provided for Cabinet, Scrutiny and Audit Committee Members. Mechanisms to monitor and report on the delivery of value for money are being put in place. Definitions of the services within the contract identify the key risks and define which partner is responsible for managing the risk. The Council engaged external advice to clarify the expected source and level of savings to be achieved by the revised contract and the findings were built into the performance management framework.

## Waste disposal

- 43 The Council is seeking with its partner Worcestershire County Council to vary its privately funded (PFI) contract for waste management which will allow both parties to meet new national targets for recycling and reduce the amount of waste which ends up in landfill sites.
- 44 The Government has set Councils exacting targets for recycling which are above those agreed for the current contract. Targets for reducing the amount of waste which ends up in landfill sites have also been set. The tax on waste going to landfill sites is set to increase year on year providing a major incentive for councils to divert waste from landfill. The consequence of not reducing landfill tonnages will be increased costs and increasing pressure on the medium term financial strategy.
- 45 Targets for the amount of biodegradable waste which can be sent to landfill sites without financial penalty first impact in 2010 when waste going to landfill needs to fall to 75 per cent of that produced in 1995. Subsequent targets become increasingly hard to meet and failure to meet such targets will result in significant extra costs.
- 46 The Council has worked to reduce the tonnage of waste collected, increase the amount of recyclable waste, and reduce the amounts going to landfill. However, a waste treatment facility is needed to deal effectively with biodegradable waste and until this happens, the Council is at risk of financial penalty.
- 47 Given the potentially long process to achieve a contract variation, the Council needs to be aware of the financial implications of delay.

- 48 Until the discussions with the contractor are finally concluded, there remains a risk that the contract could terminate. Contract termination could have a significant impact on the finances of both Councils because termination clauses in the contract require the Council to make severance payments for bringing waste management assets and facilities back in-house. In such a situation the Councils are also likely to have to enter into a new contract in order to achieve the objectives of the Waste Management Strategy. Re-procurement costs are likely to be significant and the Councils would be unlikely to secure the level of government funding that would be necessary to meet the additional costs.
- 49 I will shortly be carrying out a detailed review of waste collection and disposal arrangements in Herefordshire and Worcestershire as part of my 2009/10 audit.

# Financial statements and annual governance statement

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

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## Significant issues arising from the audit

- 50** The audit of your financial statements was completed efficiently with the help of good working papers and officers being very responsive to requests for additional information. I reported my findings from this audit to the Audit and Governance Committee in September 2009 and gave an unqualified opinion on these accounts in the same month.
- 51** Our main recommendation in this report was for the Council to include in the balance sheet in future years an estimate of the non-material liabilities in relation to added years of pension awarded to teachers by the former Hereford and Worcester County Council. I also recommended a review of the level of the Council's insurance provision and that the Council brings forward the implementation of a new integrated capital accounting system to replace existing spreadsheets. This will be particularly important with the imminent introduction of International Financial Reporting Standards in Local Government.
- 52** I did not identify any material weaknesses in your internal control arrangements although three material financial systems were considered 'inadequate' by Internal Audit. It is particularly important that the Council continues to address the authorisation control weaknesses such as in the creditors system because of the opportunity they present for fraud.

## Grant claims

- 53** I also audit around twelve grant claims on behalf of sponsoring government departments. We made no amendments to any of three largest claims and the audits went well. The audit of the largest claim, Housing and Council Tax Benefit, went particularly well. I applied a different approach this year, relying more on testing carried out by your own Benefits quality checkers. Due to the excellent co-operation and quality of your staff doing this work, the audit of this claim was carried out in a smoother and quicker way. Relatively few errors were found compared to previous years and other councils. This approach has saved the Council a significant sum of money. The Council can improve its administration of smaller grant claims so I am made aware of claims to be audited and they arrive with me in good time to meet deadlines. The working papers for some of these claims could be further improved which would help reduce audit costs further.

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# Comprehensive Area Assessment

**The Comprehensive Area Assessment Lead considered how well public services in Herefordshire are delivering results for local people, focusing on their agreed priorities and how likely it is that services will improve in the future.**

**She also assessed how well Council is delivering its priority services and outcomes, as well as the Council's capacity to improve.**

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- 54** Comprehensive Area Assessment (CAA) is the new framework for the independent assessment of local public services in England. It has two main elements which inform each other.
- 55** The area assessment looks at how well local public services are delivering better results for local people across the whole area. It focuses on their agreed priorities, and how likely they are to improve in the future and Organisational Assessments for councils, combining the external auditor's assessment of value for money in the use of resources with a joint inspectorate assessment of council service performance which is referred to as the managing performance assessment.
- 56** The key findings of the area assessment for Herefordshire are summarised below but more detailed information is on the Audit Commission's OnePlace website [www.oneplace.direct.gov.uk/Pages/default.aspx](http://www.oneplace.direct.gov.uk/Pages/default.aspx).
- 57** Flags are used to highlight our judgements if, and only if, our assessment shows that the following special circumstances are met in relation to a major issue. A green flag is used to highlight where others can learn from outstanding achievements or improvements or an innovation that has very promising prospects of success. A red flag is used to highlight where we have significant concerns about results and future prospects that are not being tackled adequately. This means that local partners need to do something more or different to improve these prospects. No red or green flags have been identified for Herefordshire. The main highlights of the area assessment were as follows.
- People are healthy overall – but work is ongoing to reduce deaths in road and other accidents, strokes amongst women and obesity in adults and children and to improve children's dental health and ambulance response times.
  - Crime is low and reducing – public bodies work well together to prevent and reduce crime and anti social behaviour.
  - CO2 emissions are high due to reliance on cars and limited public transport.
  - Rural areas have been particularly affected by the recession but overall levels of unemployment are still relatively low.

### Organisational assessment

- 58** The Council's organisational assessment score is 2 out of 4. This means that the Council performs adequately. It is on a springboard for future improvement. It has improved the way it manages itself in many areas this year but it is too early to see the full results. It is recognised that very major changes have been made, and are continuing to be made, to the way the Council and NHS Herefordshire, in particular, are working together. Significant work has taken place to plan much improved ways of delivering health and social care across the county. It places the Council in a good position for the future. There is a difference between the scores for use of resources and managing performance. The CAA Lead and I decided that the score should be that overall Herefordshire Council performs adequately rather than well because although the Council are doing well in changing the way services are provided, these changes will be very challenging and it is too early to see all the results.
- 59** The Council scores 3 out of 4 for managing its performance. It has good plans for the future of the county which means radically changing the way that organisations work together. These plans are clearly based on the needs and views of a wide range of local people. It has made changes to services that have led to improvements for people. For example, more affordable housing is being provided, homelessness is being prevented more effectively, Telecare and extra care housing means older people are able to live more independently.
- 60** Ofsted has rated the Council's children's services as performing well. A level exam results are amongst the best in the West Midlands and GCSE rates are improving. The Council knows it needs to improve results up to Year 6. It looks after the children in its care well.
- 61** Services for adults are improving and people are being more involved in planning and deciding the care they get although this needs to be done more systematically. The Care Quality Commission has rated the Council's adult social care services as performing well. The Council is helping more people to live independent lives and is making major changes to how services are provided so that the numbers can increase in the future. However, the Council does need to get better at collecting the views of people who use services and make changes as a result. Improvements are also needed to ensure that people continue to get the support they need when being discharged from hospital and that older people get assessed quickly.
- 62** The Council understands the needs and views of people in Herefordshire very well. It carries out annual surveys to find out what people want and need from the Council and collects information through a range of other methods. And it uses this information to change the way it does things. Its new Herefordshire 100 programme is helping it improve understanding of the full range of communities in the area and it is working well to provide information and support for the migrant workers in the area. It is beginning to use its information on peoples needs to commission services from organisations who can provide specialist care and help but this is not happening consistently yet.

- 63 A recent survey shows that 87 per cent of people in Herefordshire are satisfied with their immediate local area as a place to live. This is broadly the same as the average for similar areas and higher than the national average of 81 per cent. The Council is carrying out research to find out why people's satisfaction with its individual services is better than their satisfaction with the Council as a whole.
- 64 The Council has responded well to the problems caused by the recession. It is ahead of its targets for processing new Housing and Council Tax benefit claims and has worked with NHS Herefordshire to create 80 apprenticeships for young people. Housing and Council tax benefits are being provided efficiently.
- 65 As part of their new closer working, the Council and NHS Herefordshire are taking a very detailed look at services that they and other organisations could provide together.
- 66 The Council suffered a high profile set back in 2007 as a result of the publication of a report into its purchase of IT systems and the expenses claimed by some IT staff. The Council has addressed the issues in the report well and is now better placed to manage the improvement of its IT systems.



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# Closing remarks

- 67 I have agreed this letter with the Chief Executive and the Director of Resources. I will present this letter at the January Cabinet meeting and will provide copies to all Members.
- 68 Further detailed findings, conclusions and recommendations in the areas covered by our audit are included in the reports issued to the Herefordshire Council during the year.

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**Table 2**

Report	Date issued
Audit plan	March 2008
Planning Services Review	January 2009
Procurement review	May 2009
Adult Social Care	November 2008
Annual Governance Report	June 2009
Final Accounts Memorandum	October 2009
Use of Resources	November 2009

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- 69 I can confirm that the audit has been carried out in accordance with the Audit Commission's policies on integrity, objectivity and independence. The actual audit fee for 2008/09 was reported to the Audit and Governance Committee in September 2009.
- 70 Herefordshire Council has taken a very positive and constructive approach to our audit. I wish to thank the staff for their excellent support and co-operation during the audit.

Elizabeth Cave  
District Auditor  
December 2009

# Appendix 1 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
<b>Annual Audit Letter 2008/09 Recommendations</b>						
4	R1 Continue to actively pursue a satisfactory conclusion to waste management as soon as possible.	3	Director of Environment and Culture	Yes		August 2010
4	R2 Ensure that the recommendations in the detailed use of resources report are delivered.	3	Director of Resources	Yes		April 2010
4	R3 Continue to make progress in changing the way planning services are provided.	3	Director of Regeneration	Yes		May 2010
4	R4 Respond to recommendations in my follow up report on Adult Social Care in early 2010.	3	Director of Integrated Commissioning	Yes		June 2010

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# 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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