

Annual Audit and Inspection Letter

May 2008



Annual Audit and Inspection Letter

Havant Borough Council

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

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

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

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

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

Status of our reports

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

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

Reports prepared by appointed auditors are:

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

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Key messages

- 1 The main messages for the Council included in this report are as follows.
 - The Council has continued to demonstrate improvement in performance across a range of services, against a background of financial constraints and increasing demand. In particular, there have been improvements in some areas of concern noted in last year's Letter, such as housing benefits and the approach to access and inclusion. The Council has also set in place measures to identify potential for service efficiencies to improve value for money.
 - Over the last year, there has been an improvement in 72 per cent of comparable performance indicators, which is significantly higher than the national average for district councils. The Council acknowledges that in some cases this has been from a fairly low base and further improvement will be required for the overall level of performance to be comparable with the best performing councils nationally.
 - A recent survey indicated that 48 per cent of service users thought that the way the Council runs things has improved in the past three years. This is among the lowest satisfaction ratings for district councils and the Council believes this was influenced by the timing of the survey, which coincided with the introduction of the alternate weekly waste collection service.
 - The external auditors have issued an unqualified opinion on the accounts for the year ended 31 March 2007 and concluded that there are adequate arrangements in place for ensuring value for money.
 - The Council has been assessed as performing well in the annual Use of Resources assessment.

Action needed by the Council

- Demonstrate the outcomes from action undertaken in relation to improving equality of service delivery.
- Understand the reasons for comparatively low satisfaction with the Council's services.
- Continue to explore the opportunities for improving capacity through partnership working, particularly with other Hampshire local authorities.
- Further development of the arrangements for use of resources, eg through enhancement of the medium term financial strategy, updating of the asset management plan, demonstrating sustained improvements from service reviews.

Purpose, responsibilities and scope

- 2 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 auditors' 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.
- 3 We have addressed this letter to Councillors, as it is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money. We have made recommendations to assist the Council in meeting its responsibilities.
- 4 This letter also communicates the significant issues to key external stakeholders, including members of the public. We will publish this letter on the Audit Commission website at www.audit-commission.gov.uk. In addition the Council is planning to publish it on its website.
- 5 Your appointed auditors, Mazars LLP, are responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, the auditors review and report on:
 - the Council's accounts;
 - whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion); and
 - whether the Council's best value performance plan has been prepared and published in line with legislation and statutory guidance.
- 6 This letter includes the latest assessment on the Council's performance under the CPA framework, including our Direction of Travel report.
- 7 We have listed the reports issued to the Council relating to 2006/07 audit and inspection work at the end of this letter.

How is the Council performing?

Improvement since last year - our Direction of Travel report

- 8 The Council was assessed as Good in the Comprehensive Performance Assessment published in 2004. In the past two years, we have reported on action that has been taken to put in place an effective framework to deliver service improvement and value for money. Progress has continued in 2007 and there is evidence that this is leading to improvement across a wide range of services.
- 9 In the last three years, there has been an improvement in 57 per cent of a basket of performance indicators (PIs) linked to government priorities. This rate of improvement is slightly above the average for district councils. In the last year there has been improvement in 72 per cent of comparable indicators, which is significantly above the national average. These improvements have been achieved within a tight financial context for the Council. However, in some cases the improvement is from a fairly low base and only a quarter of the PIs currently compare with the best councils nationally, against a district average of 33 per cent.
- 10 A survey of service users undertaken in Autumn 2006, indicated that 48 per cent of users think that, in overall terms, the way the Council runs things has improved in the past three years. This is a significantly lower proportion than when the survey was last undertaken and compares with the lowest performing authorities. It is the Council's view that the outcome was influenced significantly by issues linked to the introduction of the alternate weekly waste collection, which had only recently been introduced and this appears to be borne out by the low satisfaction rating given for waste collection.
- 11 The following commentary reviews performance in areas the Council has identified as priorities within the Corporate Strategy themes of the Economy, Social Inclusion and the Environment. We also consider performance in relation to value for money.

The economy

- 12 The profile of Havant is one of a mixed economy with strong drivers related to the borough's location in the South Hampshire conurbation. There are significant socio-economic variations between wards, with some areas being among the 10 per cent most deprived in the country.

- 13 The Council has continued to achieve successful outcomes in relation to the development of the economy and employment. Its strategic target for increasing the number of businesses by 2007/08 has been exceeded by a significant margin and further employment opportunities have been created through major employers such as Scottish & Southern Energy and the opening of the central retail parks. The planned development of the employment site at Dunsbury Hill Farm, which is being promoted by the Council together with Portsmouth City Council, is progressing well and a preferred development partner has been selected. This, along with a number of other development schemes, will have a major impact on employment prospects in the next few years.
- 14 The Council has been successful in attracting inward investment, such as to the Solent Road industrial site and the central retail parks, estimated at over £200m. It has also been successful in generating external funding to support its own regeneration/community projects and coast protection schemes, with over £2m obtained from a wide range of funding agencies in 2007/08. The future of the Civic site is now under consideration as part of the regeneration strategy for Havant Town Centre. Consultants have been commissioned to undertake an options appraisal for the future of the whole site and are due to report back to the Council on headline options in early 2008.
- 15 The development of tourism forms part of the Council's overall approach to economic growth and regeneration. A new tourism and leisure plan has recently been approved and the Council's focus is on working in partnership with other agencies. Initiatives include the completion of the Hayling Island Seafront Masterplan as a stimulus for inward investment.
- 16 The Council has established the foundations of a broader partnership approach to employment and skills development. The Skills and Employability Partnership was launched in December 2006, increasing the Council's links with the Learning and Skills Council (LSC), providers and employers, in response to the growth agenda under the Partnership for Urban South Hampshire (PUSH). More recently, the Havant Business and Prosperity Network has been established under the Havant Community Partnership (HCP) to create a borough wide cross sector consultative forum to encourage inter-trading, communication with the Council, Leigh Park Task Force and Skills & Employability Partners.
- 17 The Council has also been working with Havant College and the LSC to provide community based opportunities for learning. This is now coming to fruition with the decision by the LSC to provide funding for a skills centre in Leigh Park to provide vocational training, which is due to open in September 2009.

Social inclusion

- 18 The Council has continued to make progress in the area of social inclusion and diversity. The need for further work is recognised in order to gain a full understanding of access issues, in particular the needs of hard to reach groups – an issue highlighted last year. However, this is seen as part of the development of the overall approach to improving customer engagement and access to Council services, rather than a need for work in relation to any particular group. A Customer Intelligence Group of officers has recently been set up to coordinate the approach to customer engagement and two Portfolio holders are now focusing on equality. The County Council has indicated that it will be looking to appoint a development worker, to be hosted by Havant Borough Council, whose focus will be to undertake research on the migrant and ethnic make-up of the Borough.
- 19 Through the Equalities Officer, the Council is focusing on improving its overall approach to equalities. This has included training for officers and members to raise awareness across the organisation on customer engagement and equality issues. The Council is also looking to use new technologies to improve accessibility. A recent example has been the decision to introduce 'pay points' in shops and post offices around the Borough, to supplement the existing cash desk located at the Council Offices.
- 20 Performance in relation to the promotion of equality has improved. The Council has recently achieved Level Two of the Equality Standard, and has adopted the Disability Equality Standard. It has also improved its score against a checklist of progress in fulfilling its duty to promote race equality – moving from 21 per cent in 2004/5 to 58 percent in 2006/07. However, this is still significantly below the national average of 74 per cent.
- 21 The Council continues to contribute to the health agenda through the HCP and its cultural strategy, through which it seeks to increase access to sporting activities. A Sports Development Action Plan was put in place in October 2007, with an increasing focus on adult involvement, in addition to the Council's ongoing objective of developing sport for young people through schools and the provision of activities in school holidays. A wide range of external funding has been attracted to support the Council's objectives during the past year, in particular, 'Big Lottery' funding for children's play and support from the Football Foundation for the StreetSport project. An application has recently been made to Sport England for funding to appoint a Physical Activities Development Officer, who will concentrate on the physical activities of the 16+ age group.

- 22** For the second year running, the target of enabling over 100 additional affordable homes within the Borough has been achieved, with 106 completions. The Structure Plan requirement of 167 new homes per annum was significantly exceeded, with 213 new homes completed in the Borough during the year. The Council is now leading on the development of a joint affordable homes policy, on behalf of the Partnership for Urban South Hampshire (PUSH). It is also undertaking a housing market assessment needs exercise, which is focusing on rental and shared ownership properties and which sets a target of 40 per cent affordable homes. Progress has continued to be made on the West of Waterlooville Major Development Area (MDA), in partnership with Winchester City Council - within whose boundary much of the site lies. The MDA will provide a new community comprising at least 2000 dwellings, together with employment land and associated physical and social infrastructure, which will increase affordable housing provision in Havant.
- 23** The Council continues to work in partnership with others to improve housing in the borough. The sub-regional partnership to deliver choice-based lettings has progressed, with funding support from the Government Office for the South East (GOSE). However, the target date for implementation has slipped and is now scheduled for early 2009. Portsmouth City Council has withdrawn from the partnership and its housing tenants within Havant will not have access to the scheme at the outset.
- 24** Performance in relation to combating homelessness has continued to improve. There was a reduction of over 10 per cent in the number of households in temporary accommodation in 2006/07 and the position has continued to improve in 2007/08. However, the number of households in this situation is still significant and the target of reducing the number by half remains particularly challenging. The Council continues to be amongst the best performers in terms of the use of hostel and bed and breakfast accommodation - no hostel accommodation was used in 2006/07 and there was only one emergency placement in bed and breakfast accommodation.
- 25** Crime statistics show an improvement compared to 2005/06, but remain mixed. There were reductions in the number of domestic burglaries, robberies and thefts from motor vehicles, all of which were already comparatively low. Theft of motor vehicles increased significantly and are slightly above the national average. There were only minor changes in relation to violence against the person and sexual offences, which remain comparatively high.
- 26** Community safety continues to be a high priority for the Council. Building on the success of the Leigh Park 'Pride of Place' initiative, a community safety team of four staff is now in post, funded by the Crime and Disorder Reduction Partnership (CDRP), with responsibility for a wide range of issues, from anti-social behaviour to youth support work, across the Borough. Hampshire Constabulary has seconded an analyst to the team to undertake research on community safety issues in the Borough and neighbouring authorities. GOSE has indicated its support for the approach being taken within Havant and has provided funding to the CDRP for the further development of community safety initiatives.

- 27 Performance in relation to housing benefits has improved significantly in 2006/07. The average time taken to process new claims in the year has reduced from 35 to 30 days, which is in line with the average for all authorities and the target set by the Department for Works and Pensions. The Council undertakes regular monitoring of performance, which shows that performance improved steadily during the year, reducing to an average of 25 days in the final quarter of 2006/07 and an average of just over 23 days by the third quarter of 2007/08. The time taken to process changes of circumstances also reduced significantly in 2006/07 and is now in line with the best performing authorities. The overall improvement in performance demonstrates the success of the Council's renegotiation of the contract with Capita, its service provider, which includes financial penalties for poor performance and bonuses where targets are met.
- 28 Community engagement has been an area of strength within Havant. Following the end of Liveability funding, the six community boards have now developed as consultative bodies. The boards have been actively involved in or consulted on a wide range of Council activities impacting on their areas. This has included consultation on the Local Development Framework, participation in a Sustainability Appraisal workshop and planning training. The Council has also made use of consultation forums in relation to development proposals, such as Langstone Gate and former playing field at Woolston Road, Leigh Park.
- 29 Progress has been made in relation to achievement of the Council's anti-poverty objectives. Economic development within the Borough has assisted in reducing both the overall unemployment rate in the Borough and in narrowing the gap with the Hampshire county average. In February 2006, Havant's unemployment rate was 2.4 per cent, compared to the county average of 1.1 per cent. The latest available figures, as at November 2007, show that unemployment in the Borough has fallen to 1.9 per cent, against a county average of 0.9 per cent.

The environment

- 30 The Council has continued to take forward its strategies for key development sites and areas. As mentioned above, the Council is working closely with Portsmouth City Council on the development of the Dunsbury Hill Farm site. The other major area of progress in the year has been in relation to the former Proctor and Gamble site in Leigh Park, where work has now commenced on site for the business and residential development.
- 31 The Council has successfully completed the projects to enhance public open spaces and play facilities, financed through Liveability funding. The Council's performance in relation to standards of cleanliness in public spaces improved significantly in 2006/07 and in terms of the percentage of land littered to a significant or heavy extent and the levels of graffiti and fly posting was better than the national average. However, public satisfaction with cleanliness of public space was low compared to other authorities.

- 32 The improvement reported last year in the speed of processing of planning applications continued in 2006/07. Performance in determining major and other applications in the year was well above the national average, whilst processing of minor applications was in line with it. Initiatives undertaken in 2005/06, such as the training provided to councillors last year and better technical advice, helped the Council to reduce the number of appeals allowed against it. The level rose slightly in 2006/07, but remains in line with the national average.
- 33 There has been strong performance in relation to waste minimisation and recycling. The amount of waste collected has reduced from 359 kgs to 334 kgs per head, making Havant one of the best performing councils. At the same time, the Council has been able to increase its recycling and composting rate from 24 per cent to over 30 per cent, which is above the average for local authorities. The cost of waste collection also compares favourably with other authorities. Public satisfaction with recycling, at 76 per cent, is above the average for authorities. However, as noted above, satisfaction with waste collection, although at 67 per cent, is amongst the worst nationally.

Value for money

- 34 In the past few years, there has been a strong focus on the achievement of efficiencies and service improvement, with a continuing objective of reducing running costs. The Council was required to achieve a three year efficiency target of £1.5 million of savings by the end of 2007/08. By the end of 2006/07 it had identified efficiencies of 1.3 million and is on course to exceed the cumulative target by a significant margin.
- 35 The auditors' assessment is that the Council is performing well on delivering value for money. As in previous years, there are good linkages between performance and costs, for example in relation to the planning service, and costs are in line with priorities. In 2005/06 the cost of introducing alternate weekly refuse collection was reflected in higher than average service costs. However, the costs for that service area in 2006/07 had reduced to below the national average.

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

- 36 The Corporate Strategy 2005-2008 has provided the Council with a clear strategic framework, which is underpinned by a set of borough-wide and local strategies, as well as organisational strategies to support efficiency and performance improvement. Targets have been set for the achievement of objectives and progress has been monitored through the Corporate Strategy Improvement Action Plan (CSIAP). In general, good progress has continued to be made. There is clear evidence of outcomes in a number of areas in the past year, for example, in relation to economic development and income generation.

- 37 Performance management and monitoring arrangements are now well established and appear to be working effectively. The Council is also able to demonstrate that it has the financial capacity to deliver service improvement. The level of staff absence due to sickness has been a significant issue for the Council in recent years and presented a risk to the delivery of corporate objectives. A number of actions have been taken to manage sickness absence, with a demonstrable effect on performance. In 2006/07, the average number of working days lost to sickness in 2006/07 reduced to 10.85, from 13.6 in the previous year.
- 38 The Council continues to explore opportunities to maximise its capacity through partnership working. It is playing a key role in driving forward the PUSH partnership which seeks to address environmental and sustainability issues and development of the housing infrastructure across south Hampshire. It is also working closely with Winchester City Council in development of the Waterlooville MDA.
- 39 The Council is involved in the Hampshire and Isle of Wight improvement partnership, which is examining ways of developing shared services, though little has been achieved in terms of outcomes, to date. A further, potentially significant, development is the framework agreement which the Council has entered into with Southampton City Council. This provides the opportunity for Havant to participate in the City Council's strategic partnership arrangements in the future, for the delivery of revenues and benefits and ICT services. The extent of the Council's participation is expected to be determined during 2008/09.
- 40 The Council is facing significant new challenges in the next few years. These result from legislative change, including the development of the new statutory community leadership role, the move towards more complex and wide-ranging partnership working and the increasing emphasis on sustainability. At the same time, the Council faces continuing financial pressures, with a requirement to achieve a further 10 per cent reduction in expenditure over the next three years. There is also a need to ensure there are effective links with the community partnership. A new three-year Corporate Strategy has been developed in response to these challenges, following widespread consultation and has recently been approved by the Executive. The importance of linking the Council's future strategy to the aspirations of the Community Partnership is clearly recognised.

Other performance work

- 41 The Hampshire Local Area Agreement (LAA) is progressing well with good engagement and cooperation from all partners, including District Councils. The LAA runs from April 2006 to March 2009. The original agreement and action plan was signed in February 2006 and the outcomes, indicators and targets have been updated for 2007/08. The LAA helps focus the attention of partners on eight priority outcomes and four Flagship initiatives drawn from the Hampshire Sustainable Community Strategy and the 11 District Sustainable Community Strategies. The Council is leading on the environment block.
- 42 Hampshire Partners are currently discussing the establishment of a 'Hampshire Senate'. Its purpose would be to bring together and streamline LAA and Hampshire Strategic Partnership (HSP) governance and to improve leadership and accountability. The HSP with partners is currently refreshing its Sustainable Community Strategy – 'Shaping our future together' 2007-2017 to be signed off by June 2008. District Councils are engaged and contributing effectively to this.
- 43 The potential for PUSH members to develop a multi-area agreement (MAA) for the southern part of Hampshire is also under consideration.

The audit of the accounts and value for money

- 44 Mazars LLP, as your appointed auditors have reported separately to the Standards Committee on 24 September 2007 on the issues arising from the 2006/07 audit and have issued:
- an audit report, providing an opinion on your accounts and a conclusion on your vfm arrangements to say that these arrangements are adequate; and
 - a report on the Best Value Performance Plan (BVPP) confirming that it had been audited.

Use of Resources

- 45 The Use of Resources assessment evaluates how well councils manage and use their resources. The assessment is carried out each year and focuses on 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).
- 46 Your auditors have assessed the Council's arrangements for use of resources in 2006/07 for these five areas as follows.

Table 1

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

(Note: The assessment scale is: 1 = inadequate performance, 2 = performing adequately, 3 = performing well, 4 = performing strongly)

The key issues arising from the audit

The audit of the accounts and value for money

- 47 An unqualified opinion on the Statement of Accounts was issued on 28 September 2007.
- 48 The auditors concluded that the Council's value for money arrangements were adequate and issued a report to that effect on 28 September 2007. There were no significant matters arising from the audit work.
- 49 The statutory audit report on the 2006/07 BVPP was issued on 30 November 2006. The auditors were satisfied that in all significant respects the BVPP was prepared and published in accordance with the statutory requirements and there were no matters that required to be formally reported to the Council.

Use of resources

- 50 The Council has been assessed as performing strongly across all five Use of Resources themes. The key findings are summarised below.

Financial reporting

- 51 The Statement of Accounts for 2006/07 was prepared and approved in accordance with statutory and regulatory requirements. Comprehensive working papers were received in a CD format at the start of the audit and were of a good standard, which greatly assisted the efficiency of the audit. Experienced and knowledgeable staff were available to support the audit. The accounts submitted for approval by Councillors were accompanied by an explanatory report highlighting key issues and there was evidence of Councillor scrutiny.
- 52 There were no material misstatements in the draft 2006/07 accounts presented for audit. There were three errors other than those considered clearly trivial in nature, one of which was not subsequently adjusted for. However, this was not considered indicative of a significant control weakness.
- 53 The Council's website contains a comprehensive range of information for the public, including the Statement of Accounts, the Annual Audit & Inspection letter and the minutes and agendas for Council meetings and committees. The website is relatively user friendly and ensures easy access to all available public documents. Consideration should be given to the publication of summary accounts that meet the needs of a range of stakeholders and as to whether an Annual Report should be produced.

Financial management

- 54 The Council has a comprehensive medium term financial strategy (MTFS) in place, which links directly to the corporate plan. This is reviewed annually and there are clear links to other internal plans and strategies. It is communicated effectively to all Councillors. There is scope for the MTFS to be further enhanced to include sensitivity analysis, the financial effects of joint plans with partners and stakeholders and modelling of balances over a three-year period.

- 55 Effective arrangements are in place for budget setting and monitoring, with an appropriate level of involvement from budget holders, senior management and Councillors. Performance monitoring ensures that action is taken on a timely basis to address any issues that arise. Delegated responsibilities are clear and detailed guidance is provided to budget holders.
- 56 Budget monitoring is proactive and focuses on areas of key risk. Progress in achieving planned savings and efficiency gains is regularly reviewed by the corporate management team.
- 57 Effective arrangements are in place for managing the Council's assets, with an up to date Capital Strategy linked to the MTFs and asset register. However, the Asset Management Plan has not been updated since 2005. Local performance indicators relating to asset management have not yet been developed.

Financial standing

- 58 The Council sets balanced budgets and has maintained spending within overall budget without excessive rises in council tax. The budgetary control report allows Councillors to monitor the performance of the Council and its financial position. There is no history of unexpected under or overspends.
- 59 A formal reserves policy is in place and subject to regular review, and is clearly reported to Councillors. Target levels of reserves and balances are identified and these are linked to the budget and MTFs.
- 60 Targets for income recovery are set and levels of debt recovery are monitored on a regular basis. The Council has monitored the cost-effectiveness of recovery action through the re-tendering of the revenues and benefits service.

Internal control

- 61 A detailed register of corporate risks is in place and officer responsibilities have been assigned for each risk. The links between corporate business risks and strategic business objectives have been strengthened. Actions in the Corporate Strategy Improvement Action Plan now link directly to the risk list. A similar link has also been developed with the Corporate Business Plan. The risk management strategy refers to risks associated with key partnerships, but does not detail the management of these risks.
- 62 The Staffing Matters Committee is responsible for risk management, which is included as a standing agenda item. Awareness training has been provided for Councillors, covering areas such as risk management, internal control and project management.
- 63 Over the past year, the Standards Committee has become increasingly proactive in its involvement with internal control issues and has received reports and presentations on areas such as internal control, audit, governance and processes.

- 64 The Council maintains a sound system of internal control, mainly led through the work of internal audit. There is regular reporting and follow-up of internal audit recommendations. The process for preparing the Statement on Internal Control (SIC) has been developed further, including a requirement from each corporate director and head of service to provide a signed assurance statement. The Executive Management Team, Standards Committee and Staffing Matters Committee are all involved in this process. Progress has been made over the past year in assurance framework arrangements, but these need to become fully embedded in business processes.
- 65 Appropriate arrangements are in place to ensure probity and propriety. These include codes of conduct for Councillors and officers, as well as detailed anti-fraud and corruption policies and whistle-blowing policies. There have been no significant conduct issues in recent years.

Value for money

- 66 There continues to be regular review of financial and non-financial performance by senior management and Councillors, with a focus on key performance indicators and priorities, which are reported on a quarterly basis. The Council has a good understanding of costs and key performance indicators and target setting appears both robust and challenging.
- 67 All service reviews have now been completed. They have led to financial savings and the resultant action plans provide the scope for sustained improvements being made across all key services.
- 68 There is widespread community consultation, including citizens' panels and budget consultation meetings, the results of which are used in decision making, for example the increased focus on areas of deprivation. Areas with low satisfaction ratings, such as culture and recreation, are currently the subject of review. The Council is also making effective use of the local strategic partnership (Havant Community Partnership) to help drive community involvement.
- 69 The Council continues to take a lead role in the Partnership for Urban South Hampshire (PUSH) and it is expected that more funding will go through PUSH in the future. There will be a need to ensure that effective outcomes from the partnership are achieved.
- 70 Recent initiatives to improve service delivery and value for money include the move to alternate weekly refuse collection. This is projected to generate savings of £3m over ten years, which will be reinvested in priority service improvements. The recycling rate has increased but is still slightly below target. The Council is working with Portsmouth City Council to improve recycling facilities for areas of the City Council's housing stock within Havant.
- 71 The Council is well placed to achieve value for money in future years, but there is a need to continue to develop risk and performance management arrangements throughout the organisation to ensure that such efficiency gains are made.

Looking ahead

- 72 The public service inspectorates are currently developing a new performance assessment framework, the Comprehensive Area Assessment (CAA). CAA will provide the first holistic independent assessment of the prospects for local areas and the quality of life for people living there. It will put the experience of citizens, people who use services and local tax payers at the centre of the new local assessment framework, with a particular focus on the needs of those whose circumstances make them vulnerable. It will recognise the importance of effective local partnership working, the enhanced role of Sustainable Communities Strategies and Local Area Agreements and the importance of councils in leading and shaping the communities they serve.
- 73 CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate annual area risk assessment and reporting performance on the new national indicator set, together with a joint inspectorate annual direction of travel assessment and an annual use of resources assessment. The auditors' use of resources judgements will therefore continue, but their scope will be widened to cover issues such as commissioning and the sustainable use of resources.
- 74 The first results of our work on CAA will be published in the autumn of 2009. This will include the performance data from 2008/09, the first year of the new Local Area Agreements.

Closing remarks

- 75 This letter has been discussed and agreed with the Managing Director and Leader on 2 April 2008. A copy of the letter was presented at the Strategy & Regeneration Board on 15 April 2008. Copies need to be provided to all Council members.
- 76 Further detailed findings, conclusions and recommendations on the areas covered by audit and inspection work are included in the reports issued to the Council during the year.

Table 2 Reports issued

Report	Date of issue
Audit and Inspection plan	May 2006
Report to management: Interim audit 2006/07	May 2007
Annual Governance Report	September 2007
Opinion on financial statements	28 September 2007
Value for money conclusion	28 September 2007
Report to management: Final accounts 2006/07	December 2007
Report to management: Use of Resources 2007	December 2007
Report to management: Data Quality review 2006/07	December 2007
Annual Audit and Inspection Letter	March 2008

- 77 The Council has taken a positive and constructive approach to audit and inspection work, and I wish to thank the Council's staff for their support and cooperation during the audit.

Availability of this letter

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

Linda Krywald
Relationship Manager

May 2008