

# Annual Audit and Inspection Letter

London Borough of Waltham Forest

Audit 2007/08

March 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

1 The main messages for the Council included in this report are:

- the Council is a four star authority and is improving well;
- the Council has been awarded Beacon Status for its work in building cohesive and resilient communities;
- your auditor issued an unqualified opinion on the Council's 2007/08 accounts, and concluded that your value for money arrangements were adequate on 30 September 2008. He also noted improvements in the quality of the working papers provided to support the audit and a reduction in errors;
- the Council has worked well in partnership to improve residents' quality of life, such as through reductions in crime and the fear of crime, and improvements in employment rates;
- good performance in key areas, such as services for children and young people and adult social services, has been maintained; and
- the Council has maintained its good performance on use of resources.

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## Action needed by the Council

2 The Council should:

- build on initiatives to meet housing demand within the borough;
- improve the level of accuracy of entries in the accounts; and
- build on partnership working to close the health gap between the borough and the rest of London and England.

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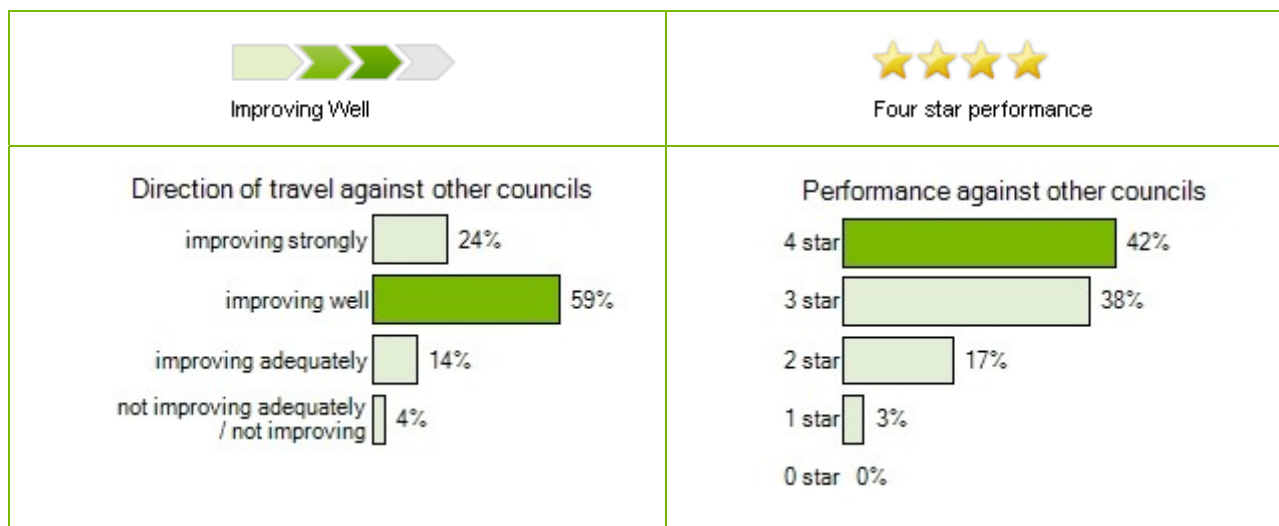
# Purpose, responsibilities and scope

- 3 This report provides an overall summary of the Audit Commission's assessment of the Council. It draws on the most recent Comprehensive Performance Assessment (CPA), the findings and conclusions from the audit of the Council for 2007/08 and from any inspections undertaken since the last Annual Audit and Inspection Letter. It also includes the results of the most recent corporate assessment.
- 4 We have addressed this letter to members 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.
- 5 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](http://www.audit-commission.gov.uk). In addition the Council is planning to publish it on its website.
- 6 Your appointed auditor is 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, your appointed auditor reviews and reports on:
  - the Council's accounts; and
  - whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion).
- 7 This letter includes the latest assessment on the Council's performance under the CPA framework, including our Direction of Travel report and the results of any inspections carried out by the Audit Commission under section 10 of the Local Government Act 1999. It summarises the key issues arising from the CPA and any such inspections. Inspection reports are issued in accordance with the Audit Commission's duty under section 13 of the 1999 Act.
- 8 We have listed the reports issued to the Council relating to 2007/08 audit and inspection work at the end of this letter.

# How is Waltham Forest Council performing?

9 The Audit Commission’s overall judgement is that Waltham Forest Council is improving well and we have classified Waltham Forest Council as four star in its current level of performance under the Comprehensive Performance Assessment. These assessments have been completed in all single tier and county councils with the following results.

**Figure 1 Overall performance of district councils in CPA**



Percentage figures may not add up to 100 per cent due to roundings

Source: Audit Commission

Our overall assessment - the CPA scorecard

**Table 1 CPA scorecard**

Element	Assessment
Direction of Travel judgement	Improving well
<b>Overall</b>	<b>4 star</b>
Corporate assessment/capacity to improve	3 out of 4
Current performance	
Children and young people*	3 out of 4
Social care (adults)*	3 out of 4
Use of resources*	3 out of 4
Housing	3 out of 4
Environment	4 out of 4
Culture	3 out of 4
Benefits	3 out of 4

(Note: \* these aspects have a greater influence on the overall CPA score)  
(1 = lowest, 4 = highest)

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

- 10** Waltham Forest Council is improving well. Improvement has been maintained across most services, with two-thirds of performance indicators improved (just above the national average). Services for children and young people deliver good outcomes, with strong engagement and improving attainment, including among vulnerable groups. Social care services for adults are good, but supporting independent living remains a challenge. Street cleaning has improved significantly from a low base and there is good progress with recycling. New contracts are in place to support continued improvement in street services and recycling.
- 11** The Council is working to tackle weaknesses in the housing service. Strong partnership working with the police has resulted in a reduction in crime, in particular serious violence. Access to services is improving and good value for money achieved and the approach to procurement and commissioning is being strengthened.
- 12** A clear vision has been agreed for the borough, based on comprehensive community engagement and detailed analysis of the area's diverse needs. Strong community leadership, and effective prioritisation and performance management have strengthened the Council's capacity to deliver its broader ambitions, including housing and regeneration.

## How is Waltham Forest Council performing?

- 13** Waltham Forest Council received a corporate assessment in 2008, and the Council was found to be performing well. The Council, in conjunction with its partners, has developed a clear vision for the borough based on a robust analysis of local needs and concerns. The ambition to create sustainable communities, as exemplified in the regeneration plans for Walthamstow town centre and Blackhorse Lane, was recognised.
- 14** The report found that the Council has worked well with partners to reduce crime, and improve community safety, and is providing strong and visible local leadership. In 2009, the Council was awarded Beacon Status for its work in creating cohesive and resilient communities. The award recognised its 'excellent practice and innovation' in this area, as well as its strong intellectual and practical grasp of both the cohesion and Prevent Violent Extremism agendas.
- 15** The Council was seen as having a robust financial strategy and delivering good value for money.
- 16** However, the report also found that only limited progress had been achieved in delivering healthier outcomes. It also found that housing demand outstrips supply, and that the local economy is weak, with low adult skill levels and high levels of worklessness.
- 17** Overall, the report concluded that the Council had delivered significant improvement in its services, and that the shift in focus towards delivering the broader ambitions of the Sustainable Community Strategy had already started.

### Other Inspectorates and Regulators

- 18** An important aspect of the role of the Comprehensive Area Assessment Lead is to work with other inspectorates and regulators who also review and report on the Council's performance. CAALs share information and seek to provide 'joined up' regulation to the Council. During the last year the Council has received the following assessments from other inspectorates.

### Ofsted

- 19** Ofsted has assessed the Council's services for children and young people as level 3 (out of 4). This means that the Council has sustained good performance in each of the five Every Child Matters outcomes. Ofsted found that the Council had made progress in responding to the recommendations made in the previous year's assessment, particularly in relation to access to specialist mental health services for children and young people, and care planning processes for looked after children.
- 20** Major strengths within the service include continued outstanding progress at some of the educational Key Stages, very high proportion of young people aged 17 in education and training, and a successful focus on equalities and diversity. However, Ofsted found an underdevelopment in the links between healthy schools initiatives and measures to tackle childhood obesity. It also found that the teenage conception rate had not diminished in the last two recorded years, and remained above the national average.

### Commission for Social Care Inspection

- 21** The Council's services for adult social care have been given a rating of 2 stars (out of 3) by CSCI. The services have been assessed as delivering good outcomes with a promising capacity to improve. Within the individual areas for judgement, the Council has been assessed as good for improved health and emotional well-being, improved quality of life, making a positive contribution, increased choice and control and maintaining personal dignity and respect. It has been assessed as excellent for economic well-being and freedom from discrimination and harassment.
- 22** Key strengths included good partnership working with health, active engagement of people who use services in their development, and the Council's achievement of Level 4 of the Equality Standard for Local Government, which was reflected in improved services for diverse communities. Areas in which improvement is required include more support to enable people live at home independently, increases in the take up of Direct Payments and an increase in the completion rate for safeguarding investigations.

# The audit of the accounts and value for money

- 23** Your appointed auditor has reported separately to the Audit Committee on the issues arising from our 2007/08 audit and has issued:
- an audit report, providing an unqualified opinion on your accounts and a conclusion on your vfm arrangements to say that these arrangements are adequate on 30 September 2009: and
  - a report on the Best Value Performance Plan confirming that the Plan has been audited.
- 24** In the report to the Audit Committee the auditors identified two key issues:
- an account in the liability section of the Council's balance sheet contained entries which did not represent valid liabilities at the balance sheet date and should have been released to the revenue account. An analysis of the age of entries suggested that up to £3 million could require release to revenue. Postings to the account involve a degree of automation, but regular monitoring is needed to ensure issues are dealt with promptly and do not build up; and
  - misstatements relating to the Housing Revenue Account were again close to the lower materiality threshold established for the audit of this statement. The Council needs to continue to ensure that its financial reporting processes, in particular in relation to the updating of estimates, involve tolerances which are appropriate to this ring-fenced account.
- 25** In addition, prior to concluding the work, the auditors discussed with the Council the continuing inclusion on the balance sheet of school buildings which had been wholly or substantially demolished in readiness for the construction of new buildings. Whilst the amounts involved were substantial, the auditors concurred with the Council that the amounts involved were not material to a user of the accounts.

## Use of Resources

- 26** The findings of the auditor are an important component of the CPA framework described above. In particular the Use of Resources score is derived from the assessments made by the auditor in the following areas.
- Financial reporting (including the preparation of the accounts of the Council and the way these are presented to the public).
  - Financial management (including how the financial management is integrated with strategy to support council priorities).
  - Financial standing (including the strength of the Council's financial position).
  - Internal control (including how effectively the Council maintains proper stewardship and control of its finances).
  - Value for money (including an assessment of how well the Council balances the costs and quality of its services).
- 27** For the purposes of the CPA the auditors have assessed the Council's arrangements for use of resources in these five areas as follows.

**Table 2**

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
<b>Overall assessment of the Audit Commission</b>	<b>3 out of 4</b>

Note: 1 – lowest, 4 = highest

### The key issues arising from the audit

- 28** Overall, the auditors assessed the Council at the same level as last year (3 out of 4). Across the individual elements, they recorded an improvement in one area, financial reporting, to recognise the significant improvements that were made to the provision of supporting working papers and responsiveness to auditor queries and a reduction in the volume of misstatements which were identified through the audit process.
- 29** In other areas, the Council continues to demonstrate notable practice in the timeliness of its monthly reporting to members and for its counter fraud work, in particular the continuing development of its vetting arrangements within the recruitment process.

# Looking ahead

- 30** The public service inspectorates have developed 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.
- 31** CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate area assessment and reporting performance on the new national indicator set, together with an organisational assessment which will combine the external auditor's assessment of value for money in the use of resources with a joint inspectorate assessment of service performance.
- 32** 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 National Indicator Set and key aspects of each area's Local Area Agreement.

# Closing remarks

- 33** This letter has been discussed and agreed with the Chief Executive and Director of Finance. A copy of the letter will be presented at the Cabinet on 28 April 2009. Copies need to be provided to all Council members.
- 34** 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 3 Reports issued**

Report	Date of issue
Audit and inspection plan	March 2007
Annual Governance Report	September 2008
Opinion on financial statements	September 2008
Value for money conclusion	September 2008
Report on Use of Resources Assessment	November 2008
Corporate Assessment Report	September 2008
Annual audit and inspection letter	March 2009

- 35** 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

- 36** This letter will be published on the Audit Commission's website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk), and also on the Council's website.

**Adewale Kadiri**  
**Comprehensive Area Assessment Lead**  
 27 March 2009

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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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## Copies of this report

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