

# Brent Council

## 2003/04 Joint Audit and Inspection Letter



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24 January 2005

Ladies and Gentlemen

**Joint Audit and Inspection Letter 2003/04**

We are pleased to present our Joint Audit and Inspection Letter for 2003/04. We hope that the information contained in this report provides a useful source of reference for Members. The Executive Committee considered the Letter on 17 January 2005.

Yours faithfully



PricewaterhouseCoopers LLP

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## **Code of Audit Practice and Statement of Responsibilities of Auditors and of Audited Bodies**

*We perform our audit in accordance with the Audit Commission's Code of Audit Practice (the Code), which was last issued in March 2002. This is supported by the Statement of Responsibilities of Auditors and Audited Bodies, which was last issued in April 2000. Both documents are available from the Chief Executive of each audited body.*

*The purpose of the statement is to assist auditors and audited bodies by explaining where the responsibilities of auditors begin and end, and what is to be expected of the audited body in certain areas.*

*Our reports and audit letters are prepared in the context of this statement and in accordance with the Code.*

*Reports and letters prepared by appointed auditors, and the relationship manager, and addressed to members or officers are prepared for the sole use of the audited body, and no responsibility is taken by auditors to any Member or officer in their individual capacity, or to any third party.*

# Executive summary

Brent has been measured as good in the way that it serves its local people. This represents a positive direction of travel for the council. Key services that have improved since 2003 are social care (for adults), libraries and leisure, benefits and use of resources.

## The purpose of this report

The appointed auditors of the Council are required, under the Audit Commission's Code of Audit Practice (the Code), to issue an annual Audit Letter to the Council on completion of our audit, demonstrating that the Code's objectives have been addressed and summarising all issues of significance arising from our work. This report also includes a summary of the results of the inspection work undertaken during 2003/04 by the Audit Commission in accordance with their responsibilities as detailed in section 10 of the Local Government Act 1999.

The joint reporting of audit and inspection work in this format recognises the steps that the Audit Commission has taken to integrate more closely audit and inspection regimes, whilst recognising and maintaining their separate statutory responsibilities. The Audit Commission has appointed 'relationship managers' for all local authorities to co-ordinate planning and delivery of inspection work alongside the statutory audit work.

The new approach is intended to provide a more proportionate and integrated approach to performance audit and inspection work.

The main area for an integrated approach has been in respect of performance review work, based on the improvement plan developed by the Council, following the Audit Commission's Comprehensive Performance Assessment process (CPA).

Our Audit Plan set out the risks that we identified as part of our audit planning, together with the targeted work that we planned to perform in order to address these risks. The inspection work undertaken was targeted at areas identified for improvement.

We have issued a number of reports during the audit year, detailing the findings from our work. A list of these reports is included at Appendix A to this Joint Audit and Inspection Letter.

We have set out below what we consider to be the key issues arising from the audit and inspection work.

### **Accounts and governance**

The Council has increased its level of general fund reserves in 2003/04 from £0.05m to £4.70m. In 2004/05 the Council expects to increase reserves again. Improved budgetary procedures and controls have ensured that any areas of overspending in both years have been isolated and effectively managed.

We issued our completion certificate for the audit of 2002/03 on 29 September 2004 – the certificate having been deferred pending the resolution of an elector's questions. We issued an unqualified audit opinion on 10 November 2004 for the Council's 2003/04 accounts. This continued the progress of the last four years in moving forward the conclusion of the audit. The Council implemented FRS17 on pension liabilities successfully. Some challenges remain in ensuring the draft accounts include fewer errors and that supporting working papers are consistent in their quality.

The deadlines for both the approval and audit of accounts are coming forward in future years to 30 June and 30 September respectively. Meeting these will represent a significant challenge for the Council, and urgent progress on developing financial systems will be crucial to meeting this.

Furthermore, if this progress is made we will be able to place more reliance on systems in our audit approach which we reduce our reliance on Internal Audit's reviews of service unit year end returns. We were pleased to note that Internal Audit have been successful in recruiting additional resources this year and this will help them to improve delivery of their plan in 2004/05.

In 2004/05, the Council will need to ensure that it undertakes a full assessment of the effectiveness of controls to inform their Statement of Internal Control.

### **Performance**

The Council has an ambitious desire to move from "fair" to "excellent" in the Audit Commission's Comprehensive Performance Assessment by December 2006.

The corporate performance management framework has been strengthened

accordingly and the Council is improving the accuracy and use of its performance information to drive further improvement. Our targeted audit work during the year has highlighted areas where the Council has made progress, as well as highlighting areas for improvement.

### **Inspection**

The Council has received encouraging inspection results in 2004 as it strives to meet its ambition of becoming an "excellent" Council.

For Cultural Services, the Council was assessed as providing a good (2 star) service with promising prospects for improvement by the Audit Commission. The Benefit Fraud Inspectorate gave the revenue and benefits service a score of 3 ("Fair") compared to the previous score of 1 ("Poor"). Furthermore, the Social Services department has improved its rating from one to two stars in the CSCI social services star ratings published in November 2004.

The overall Direction of Travel assessment by the Audit Commission reports that the Council's direction of travel is positive overall. The Council has made improvements in housing, regeneration, sports, environment, and in particular social services, over the last year. A focus on supporting children and young people has led to greater stability of placements for looked after children, helping them achieve better educational results. Performance in education has been maintained. Good progress has been made in recycling and processing planning applications but street cleaning, costs of waste collection and road conditions compare less well. Improvements in housing include meeting the government's homelessness targets and a reduction in private sector unfit homes. In housing benefits there has been improved processing times for new claims and there is no longer a backlog.

The conclusion of the Direction of Travel assessment is that based on the Council's strong track record and current plans the council has the potential to continue to significantly improve the way it works and the services it provides to local people.

### **CPA Scorecard**

Brent Council has changed from being fair to good.

In December 2002 Brent Council received a measurement of 3 out of 4 for the way it is run.

The Audit Commission have assessed core service performance in the service areas detailed in the table below. Each service is scored on a scale of 1 to 4, with 1 being the lowest and 4 being the highest. Education and social care are given more importance in reaching the overall score than other areas.

Overall service performance is 3 out of 4.

Service	December 2002	December 2003	December 2004
Education	3	3	3
Social care (adults)	2	2	3
Social care (children)	2	2	2
Environment	2	2	2
Housing	3	4	4
Libraries and Leisure	1	1	3
Benefits	1	1	3
Use of Resources	3	3	4

We discussed the issues contained within this Audit Letter with the Executive Committee on 17 January 2004.

# Accounts and Governance

## Comprehensive Performance Assessment – Auditor Scored Judgements

In October 2004, we completed our assessment of the Council against a series of indicators on corporate governance arrangements. We provide an Auditors Scored Judgement (ASJ) from 1-4 for each indicator (with 4 indicating the highest performance).

We report our overall scores for the Council in each area in the following table:

Area	ASJ score
Financial Standing	4
Systems of Internal Financial Control	3
Standards of Financial Conduct and the Prevention and Detection of Fraud and Corruption	4
Financial Statements	3
Legality of Significant Financial Transactions	4

The Council's scores in these overall areas are unchanged from 2003. For the individual indicators supporting the overall scores for each area, in 2004 we have judged the Council as at least a "3" for all but three indicators. Within these indicators where we have scored the Council as a "2" for certain

aspects of performance, including:

- Quality of draft accounts;
- Supporting working papers for accounts; and
- Monitoring of financial systems.

We provide further comment on these in the relevant sections of this letter.

## Accounts

As in the previous four years, the accounts audit has been satisfactorily completed within the specified timetable. The accounts were approved by members on 5 August 2004 and an unqualified audit opinion was issued on 10 November 2004, ahead of the statutory deadline 30 November 2004.

The Council's procedures for closing the accounts will need to be developed further in future years as the Accounts and Audit Regulations will move the timetable for the closure of local authority accounts progressively towards having the accounts approved by 30 June and audited by 30 September. The Council's devolved structure and multiple accounting systems makes these deadlines particularly challenging. We will continue to work closely with the Director of Finance and his team to consider how best to meet them.

Our Auditors' Scored Judgement scored the Council a "2" for the quality of

the draft accounts and for the supporting working papers. The accounts contained a number of immaterial errors, and a significant error in respect of the housing valuation (£41m due to working papers being misread). The reconciliation of internal debtors and creditors is a key control, and was not completed at the outset of our audit. In addition, certain key working papers were not available to us at the outset of the audit. Our Final Accounts Report to the Director of Finance provided additional detail on the progress we believe the Council needs to continue to make in its accounts closedown and production procedures.

### Accounting for Insurance Liabilities

The Council currently incurs the cost of insurance claims in the year in which they are paid (in 2003/04 £1.5m were paid). In addition, favourable variances from the insurance budget (in 2003-4 the budget was £1.8m) are accumulated in an "insurance fund" provision. The Council are aiming to increase this fund each year. An additional £298k was therefore included in this provision in 2003/04. Under FRS 12 there is a requirement to provide for all liabilities as they are incurred.

Therefore, from 2004/05 we recommend that the Council should provide for insurance claims based on an assessment of outstanding claims at the year end. This will require sufficient information being available at 31 March 2005 and to achieve this, the Council will need to review the systems in place to identify outstanding claims. Our performance team are undertaking a study which will provide assistance to the Council's insurance department in facilitating the availability of suitable data. Details of this study are included with the Performance section of this letter.

### Financial Reporting Standard (FRS) 17: Retirement Benefits

2003/04 was the first year of full implementation of FRS 17. The FRS is concerned with identifying the real underlying financial position of an authority with regard to its participation in pension schemes.

Preparation of the disclosures has required the Council to commission expert advice from actuaries and present information about the Council's longer-term financial position than required under previous accounting treatments.

The Council's Pension's Team have adopted and implemented FRS 17 requirements according to guidance.

The availability of information as required under FRS 17 has provided the Council with advance information about the likely impact on employer's contribution rates of the next full valuation of the London Borough of Brent Pension Fund's defined benefit scheme in March 2005. Recent trends in the stock market suggest that the valuation may confirm a worsening position in the fund that would require an increase in contribution rates in the future.

The FRS17 valuation indicates that Pension Fund liabilities are 62% funded as at 31<sup>st</sup> March 2004 (31<sup>st</sup> March 2003 54%) and the deficit has reduced by £29.72m in the year.

The Council has considered the potential impact of a pension fund deficit in the following ways:

- Unfunded benefits ('added years') will be met annually until the liability ceases – there are now few early retirements and strict limits on the award of added years;
- It is anticipated that rising markets will help to reduce the deficit on the Pension Fund; and
- The 2004 Actuarial Valuation is likely to increase employer's contributions.

### Financial standing

We are pleased to note the Council increased its general fund reserves from £0.05m to £4.70m in 2003/04. We also note that the growth in the base budget and improved financial control and reporting have led to Social Services breaking even in 2003/04, following the significant overspending in 2002/03.

The most significant area of budgetary pressure in 2003/04 was the Special Educational Needs (SEN) service in the Education directorate. At the year end, there was an overspend £0.86m on the SEN budget, primarily caused



by the need for additional out of borough placements.

The Council continues to manage the need to increase the level of reserves, whilst maintaining front line services and simultaneously allocating sufficient resources to make corporate improvements judged as necessary to improve its overall CPA rating. £2m is set aside in the 2004/05 budget to increase working balances.

Expenditure monitoring up to November 2004 show that only the Environment directorate is forecasting an overspend against the 2004/05 budget. This overspend has been caused by vandalism to parking equipment resulting in forecast under recovery of income of £0.44m.

#### Prudential Framework for Capital Expenditure

From 1 April 2004, the Council has been able to plan its capital expenditure under the new Prudential Framework, which focuses on Council's ability to afford the consequences of spending decisions from future years' revenue accounts and allows it to set its own limits on the borrowing needed to achieve an affordable capital strategy.

We have reviewed the steps the Authority took in 2003/04 to prepare for the implementation of the Prudential Framework, including the process for setting limits and indicators under the CIPFA Prudential Code. The Council has set the necessary indicators and briefed members in line with guidance. The investment and capital indicators are reported regularly to Committee but to different recipients. We believe the approach to monitoring the Prudential Code would be strengthened further by a "Prudential Code report", including all indicators, prepared on a monthly basis and monitored by committee.

#### Statement of internal control

The Accounts and Audit Regulations 2003 included a requirement that the statement of accounts prepared by an authority in England should contain a statement on internal control (SIC) from 2003/04. These statements refer to much wider systems of control than purely financial systems and require the Council to have in place such systems of control. Authorities are required to conduct annual reviews of the effectiveness of the system of internal control,

which will provide the findings to support the SIC. The SIC included in the Council's 2003/04 accounts recognised that an ongoing review of the system of internal control had not been undertaken during 2003/04. The Council will therefore need to undertake a formal annual review of effectiveness from 2004/05 onwards.

Our Auditors Scored Judgement scored the Council a "2" for monitoring of Financial Systems, as Internal Audit were unable to review all high risk financial systems and only 73% of their plan was delivered in 2003/4 as a result of staffing constraints. Internal Audit has now completed a substantial recruitment exercise and increased the numbers of staff in their team and they will therefore be better placed to improve the delivery of their plan in 2004/05.

#### Financial systems

The Council's financial systems are now run from 3 platforms (Unity, Oracle and Epicor). Due to the need to speed up the accounts production process and to generate prompt corporate financial information during the year, the Council commissioned a review from consultants on their systems during 2003/04. The consultants recommended that an "Integration Broker" should be developed to synchronise the central accounting system with the Directorate financial accounting systems and their feeder systems.

The Council has established task groups to evaluate the different options arising from this review. As the Council's systems become progressively more advanced, we expect to be able to adopt a more systems-based audit approach. This would reduce our reliance on Internal Audit undertaking detailed service unit reviews to support our final accounts audit.

2005/06 will be a crucial year for the Council in developing its financial systems. The action plans arising from the task groups will need to be swiftly implemented to ensure that the Council is well placed to meet the earlier deadlines for accounts production and for us to be able to revise our audit approach as outlined. We will therefore continue to discuss with the Director of Finance and the Director of Corporate Services how our specialist staff can best assist the Council in its systems initiatives.

### Willesden Sports Centre Private Finance Initiative (PFI) Scheme

The Council currently has several PFI schemes at various stages. We comment here on the Willesden Sports Centre scheme, which is the only one we have reviewed this year. It is not within the external auditors' remit to provide accounting and other advice to the Council in respect of PFI schemes. However, we have kept abreast of developments in the year and in the case of the Willesden scheme, we have confirmed to the Council and its advisers that we are not minded to challenge the proposed arrangements at this stage.

Financial close for this scheme was initially planned for the summer of 2004. However, significant events such as a change in the consortium's intended provider of senior debt, steps required to manage the demand risk in a default situation and the consortium's application to DCMS for additional PFI credits contributed to delays. The Council had to proceed with the closure of the existing site as planned and the extra time required to finalise the financial arrangements has had a knock on effect on the commencement of the capital works. We expect to monitor progress as part of our 2004/05 audit.

# Performance management

## Performance management framework

In line with CPA improvement priorities, the Council continues to strengthen its corporate performance management framework. In April 2004 the Improving Brent Action Plan was published. This clarified the Council's work programme in relation to addressing corporate CPA improvement areas (improving performance management and strengthening staff and member capacity). The reporting of the Council's quarterly vital signs performance indicators is now well embedded with the basket of Performance Indicators being scrutinised at both the Executive Committee and Corporate Management Team, along with the Performance and Finance Select Committee.

The Council's management team is now at full complement with the appointment of the Director of Human Resources in January 2004.

## Comprehensive Performance Assessment (CPA)

The Council received its Comprehensive Performance Assessment (CPA) rating in December 2003. The Council was rated as "fair". The CPA report highlighted the following areas for the Council to address;

- Strengthening corporate performance management framework;
- Improving Sport and Leisure services;
- Improving the performance of revenues and benefits services;

- Improving waste recycling performance; and
- Improving social services performance.

The Council has set an ambitious target to move from its current CPA "fair" rating to "excellent" by December 2006 and has already made significant improvements in some of the above areas.

A recent Audit Commission inspection of the Council's cultural services (which include sport and leisure services) concluded that the Council was providing a good (2 star) service with promising prospects for improvement.

Similarly the BFI has recently re-assessed the Council's revenue and benefits giving the service a score of 3 ("Fair") compared with the previous score of 1 ("Poor"). We also undertook some targeted audit work in revenue and benefits during the year and report our findings below.

Brent's Social Services department has improved its rating from one to two stars in the CSC1 social services star ratings published in November 2004. We undertook targeted audit work on older people's and children's placements arrangements during 2003/04 and carried out a pilot review of performance assessment framework (PAF) indicator data quality. The findings from our work in social services are summarised below.

The Council is to be commended for achieving the performance improvements set out above.

Although the Council failed to meet its target to recycle 8% of waste collected during 2003/04, the Council hopes to improve performance in this area with the introduction of a garden waste collection service in March 2004 and the opening of a new civic amenity site in Park Royal in July 2004.

The detailed results of Audit Commission inspections undertaken at the Council are included in Appendix B.

### Best Value

Under the Local Government Act 1999 we are required to carry out an audit of the Council's Best Value Performance Plan (BVPP). Our work on the Council's June 2003 BVPP was reported in our 2002/03 Audit Letter.

Our audit of Best Value Performance Indicators identified significant improvement in the reliability of data compared with previous years. This year we reserved only 5 indicators (compared with 11 in 2002/03). This was largely due to improvements in the HR information obtained from schools in the borough.

However, the reserved indicators this year included a high risk indicator, BV8 – Prompt payment of invoices. Our audit identified weaknesses in the method of calculation for this indicator, which was not supported by a robust audit trail. In addition the sample of invoices used in the calculation of the indicator did not include sufficient coverage of all Council departments responsible for payment of invoices. We recommend that the Council rectifies these weaknesses as a priority.

### The Council's initiatives to improve performance

In last year's Audit Letter, we commented on three new initiatives which were in the course of being launched by members to drive up performance in certain services. We comment below on the extent of progress made in 2003/04.

- Performance fund – £0.25m was set aside to fund one off projects, excluding any growth and payroll costs. Officers demonstrated in the second round of bids that they are becoming more adept at meeting

criteria. The total has been spent and there have been some innovative projects in Revenues & Benefits (process engineering) and Sports (cross-cultural services leaflet). These both impacted on the Council's improvement priorities and a similar sum is to be set aside in future years.

- New scrutiny themes – officers said that there had been some encouraging work with Brent PCT on joint commissioning and bed blocking through the social care panel scrutiny theme. There has also been some progress around the Council's refuse contract, with officers and members visiting streets with relatively poor collection rates. There has also been an effective project focusing on support for school governors
- Four new overview task groups were established in 2003/04. These comprise a policy officer, officers from the service in question and member input. The demand for childcare task group is expected to report in January 2005 and progress has also been made around active citizenship for older people, as a prelude to the forthcoming inspection in that area. There have been other projects on recycling and supporting financial services for excluded groups.

### Targeted audit and inspection work

We carried out a range of targeted use of resources work during 2003/04:

#### *Review of Social services placements arrangements*

In September 2003 we carried out a review of the arrangements in place to manage children's and older people's placements in foster, residential and nursing care. The objectives of the review were to:

- assess and evaluate the processes in place to manage social services placements for Older People and Children (including foster care placements);
- identify levels of expenditure and activity on placements in the relevant service units;

- assess the processes in place for authorising and managing placement of individuals into nursing, residential home or foster care settings;
- review the effectiveness of placement panels in controlling, monitoring and reviewing placement expenditure.
- assess Interactions with other agencies for jointly funded placements.

We found a number of areas of good practice in both older people's and children's service units. In the older people's service unit we found:

- very centralised procedures for authorisation of placement expenditure;
- robust panel processes to control long term care expenditure and explore potential alternatives to residential and nursing admission; and
- clear and regularly updated operational procedures relating to placement processes.

Good practice identified within children's placement process included:

- the existence of a dedicated team to organise and manage placements with foster and residential carers;
- participation in a pan London contract for the provision of independent foster agency (IFA) and Private and Voluntary (P&V) residential care;
- the appointment of an interim management accountant appointed to establish more robust activity and financial monitoring processes.

However we found scope for improvements in the following areas:

- Ensuring all new staff in the older people's service unit receive training in the appropriate use of the continuing care policy and assessment tool;
- Ensuring that older people's residential and nursing care provider price increase decisions are appropriately authorised, documented, and

communicated to all relevant parties;

- Improving mechanisms for ensuring children's social workers compliance with departmental processes (e.g timely completion of change of circumstances forms) ;
- Scope to improve the audit trail of decision making within some children's case files;
- Scope to improve the timetabling of review of cases by children's placement panel; and
- Scope to strengthen placement / panel processes for placements which are jointly funded with education and or health;

We will follow up the Council's progress in addressing our recommendations during 2005.

#### **Review of accommodation**

The Council produced an interim accommodation strategy covering the next 6-8 years pending development of a new state-of-the-art civic centre in Wembley. The new civic centre is subject to the outcome of feasibility studies and a robust business case. With a view to informing this strategy further we carried out a review of office accommodation in February 2004. Our review aimed to:

- Identify opportunities to make better use of existing space (including hot-desking);
- Establish whether, by improving space utilisation, the need to acquire additional accommodation for increasing staff numbers could be avoided; and
- Establish whether there may be a business case for making better use of the existing workspace.

Brent Town Hall and Annexe were selected by the Council for the focus of

our study. We made an assessment of the current usage of space in these buildings using the following tools:

- A building audit;
- Storage survey;
- Space utilisation survey; and
- Meeting room occupancy survey.

The key conclusions to emerge from our study were that:

- The Council does not currently make best use of the space resource in the current portfolio of municipal office accommodation but improvements will be difficult to achieve without capital investment, cultural change and co-ordination between property, IT and HR;
- There is potential for “quick wins” to be made through initiatives such as storage rationalisation, stronger management of meeting room bookings, reallocation of rarely utilised desks and implementing a pilot desk sharing project;
- There appears to be a potential business case for upgrading workspaces and introducing desk sharing in core long term buildings rather than acquiring and fitting out additional leased space;
- The costs of upgrading existing workspace should be weighed carefully against new build because it appears that new build may be cheaper; and
- The findings in this report inform the planning for a new Civic Centre and provide evidence that space in the new facility should not reflect current space management ratios and policies. If value for money is to be achieved and affordability thresholds met, the Council will need possibly to adopt desk sharing and flexible working policies.

A Council report on accommodation at the Civic Centre was due to be

presented to Cabinet on 13 December 2004.

### ***Review of Council Tax collection***

The contract for the provision of Council Tax collection and IT systems was awarded to Capita, starting in May 2003. The new contract sets out key targets for collection of council tax arrears. In the first six months of the new contract, Capita was failing to meet these targets. In February 2004 our specialists in debt recovery therefore undertook a health-check review of the Council Tax debt processing and performance. The review addressed the following key questions:

- Does the recovery timetable and process encourage effective collection of Council Tax?
- Does the management and control of the process provide the platform from which to drive performance improvements?
- Does the process effectively differentiate between “can’t pays” and “won’t pays”?
- Is the post liability order process effective at recovering delinquent debt?
- Does existing management information enable proactive management of performance drivers?

Overall we found that the recovery timetable and processes were robust but identified areas for improvement in all of the other areas assessed. In particular we concluded that Capita could adopt a more dynamic approach to the management of council tax collections. We made a number of recommendations which the Council has agreed to take forward with Capita.

### ***Review of Council Insurance Arrangements***

As noted in the Accounts and Governance section of this letter, the Council spent £1.5m a year on insurance cover in 2003/04. There is a small in-house team dealing with claims against the Council. Our insurance specialists carried out a high level review of insurance arrangements the Council. Initial

findings were that:

- there is a worrying increase in public liability and personal injury claims costs; and
- there is scope to strengthen both internal controls and the expertise available to deal with insurance issues and also improve the management of the Council's relationship with its main insurance provider, Zurich Municipal.

We are currently scoping a review which will assess in greater detail, the value for money offered from the Council's current arrangements with its key insurance provider Zurich Municipal.

### **Audit Commission use of resources studies**

#### ***Social Services PAF Data Quality Audit***

The Audit Commission, in partnership with the Commission for the Social Care Inspectorate has developed an audit to provide assurance on the consistency and accuracy of data underlying a sample of Performance Assessment Framework (PAF) indicators. Brent was one of a group of 15 councils selected to take part in the pilot year of the audit during August and September 2004.

The audit assessed the management arrangements underlying social services data collection and monitoring and also included in depth examination of the data supporting 7 PAF indicators published in 2003/04.

The indicators included in the audit were:

- B11 Intensive home care as a percentage of intensive home care and residential care.
- B12 (BVPI 52) Cost of intensive social care for adults and older people.
- B13 Unit cost of residential and nursing care for older people.

- B17 Unit cost of home care for adults and older people.
- C26 Admissions of supported residents aged 65 or over to residential and nursing care.
- C28 (BVPI 53) Number of households receiving intensive home care aged 65 or over.
- C32 (BVPI 54) Number of older people helped to live at home aged 65 or over.

Our overall rating for social services performance information on older people was *adequate*. Evidence from the data quality audit indicated that the performance indicators subject to review were based upon adequate data quality but that there is some risk that the Council's performance as stated in the Social Services PAF is misrepresented.

We found some evidence of good practice in relation to policy, strategy and operational practice which included:

- Monthly and quarterly reporting of performance data is conducted that includes trend analysis and comparisons with other councils; and
- Work undertaken by the central information team aimed at raising the level of awareness of the importance of data quality among service unit teams.

However we found that the systems and processes underlying the production of some of the indicators were poor. In particular we found that the production of the 2003/04 indicators relied upon a range of locally developed stand-alone spreadsheets and manual data collection processes. We found that the processes underlying the referrals and assessment (RAP) return for 2003/04 were particularly weak with a lack of adequate audit trails and as a result of this we placed a reservation on the best value indicator BV54.

Our findings relate to the systems that were in place to generate the 2003/04 PAF indicators. We acknowledge that Social Services has now moved to a

new management information database Framework I, which went live in April 2004. When fully operational, the new system should standardise data collection and management processes across social services and as a result improve the robustness of future PAF indicator returns.

A key challenge for Social Services will be to ensure that Framework I is being utilised by all staff as intended and that locally developed stand alone databases are no longer in use. We recently issued our draft report with recommendations and Social Services is currently considering its management response to these.

### **Youth Offending Team Data Quality Audit**

The Youth Justice Board requested the Audit Commission to undertake a study to provide assurance on data quality in Youth Offending Teams (YOTs). Brent was one of a group of 15 sample authorities whose YOTs were selected to take part in this audit during September and October 2004.

- The objective of the audit was to assess three areas:
- Arrangements in place to set, direct and manage case management information
- Completeness of records about young offenders under a YOT's supervision
- Accuracy of performance measures reported to the Youth Justice Board (YJB) with locally calculated reports

Our overall assessment of current arrangements for YOT data quality was *adequate*. The authority scored highly (93%) for the completeness of its case records, but our testing found that there is scope to improve the accuracy of the performance data reported to the YJB. Some of our key findings were that:

- There was a lack of documentation and guidance around data quality and procedures, although we understand that plans are in place to address this.

- Pressures on staff time also meant there was over-reliance on the YOT Information Officer to troubleshoot and provide support rather than focus on more pro-active aspects of on data quality.
- The lack of a robust network to the YOIS system, particularly for staff outside of the building hosting the server is a key factor impacting on data quality. Staff working remotely experience frequent service interruptions which can preclude them being able to input data in a timely manner.

Our findings were discussed with the YOT management team and nine recommendations were agreed. These were largely based around:

- Ensuring documentation and system manuals are supplied to all staff responsible for inputting data
- Improving the consistency with which staff supervision meetings address data quality issues
- Investigating the poor performance on the accuracy element of the audit and ensuring a more rigorous audit trail is established for the next round of submissions.



# Inspection

## *Direction of Travel Assessment*

The Audit Commission finalised their Direction of Travel assessment in December 2004. The conclusion was that the Council's direction of travel is positive overall.

## *Ambition*

The "Corporate Strategy 2002-2006 - Building a Better Borough", clearly articulates the council's vision for the borough and its values up to 2006. The vision encompasses a high quality of life and full participation in society; a good reputation for partnerships and excellent services; pride in diversity; and a home of choice for people and businesses.

Brent's overall ambition is to secure an excellent rating in the 2006 CPA process. This reflects the achieving service excellence core value in the corporate strategy. The Improving Brent Action Plan sets out practical steps to be taken to achieve this. It includes measurable performance targets to enable effective monitoring of progress and these are sufficiently challenging to enable it to achieve its priorities for targeted services and its aim of having the majority of PIs in the upper two quartiles and none in the worst quartile for London boroughs by 2006.

## *Priorities*

The five cross-cutting themes in the council's corporate strategy represent the main concerns of local people and these remain its top level priorities:

- Supporting children and young people
- Promoting quality of life and the green agenda
- Regeneration and priority neighbourhoods
- Tackling crime and community safety
- Achieving service excellence.

During 2004, the council has further developed its 'Improving Brent programme' and in June it agreed an action plan for 2004-2006 which sets out the key targets and actions it is taking over this period to deliver the second phase of its corporate strategy. The performance plan for 2004-2005 sets out the priority services targeted for step change performance improvements, namely sports, leisure and cultural facilities; revenue and benefits; and recycling and waste management. The children's social services improvement plan is also a key priority.

These priorities are clearly in line with the council's ambition to achieve an excellent CPA rating during 2006 and link to the themes in the community plan, which are based on those areas that local people said were important.

### **Future Plans**

The six themes in the Community Plan, agreed with Partners for Brent provide a sound and robust basis for the council's future plans and delivery of its vision:

- Health and social care
- Local housing
- Environment and transport
- Regeneration and employment
- Crime prevention and community safety
- Education and lifelong learning.

These are supported by priority objectives which link to corporate strategy priorities and other key strategic council documents.

The Improving Brent programme has been refocused to drive delivery of priorities in the corporate strategy. The role of performance management and staff development in securing service improvements has been made more explicit and additional investment has been provided to deliver improvements, for example, through the PFI for Willesden Sports Centre.

There are robust future plans for delivering on the council's improvement priorities, including a new sports strategy supported by capital investment and a framework strategy for recycling to achieve the statutory target of 18 per cent by 2005/06.

### **Focus**

The council has strengthened its focus on its improvement priorities by placing performance management at the core of its improvement agenda. Performance against vital signs PIs is reported quarterly to the Executive, the council management team and scrutiny also considers this information

on a similar basis. This is supplemented by monthly corporate monitoring of progress of the key services identified for improvement.

The council has maintained a clear focus on its improvement priorities which has been recognised in sport and leisure and children's and older people's social services. As noted in the performance section of this letter, in 2004 cultural services was rated as good with promising prospects for improvement and social services achieved an overall two star rating by the Commission for Social Care Inspection (up from one star the previous year). Scrutiny has also been used to focus on and support improvement, with the recommendations of the Overview Committee on waste and recycling leading to the provision of a new civic amenity site.

The council is placing stronger focus on user and citizen engagement through its Customer Come First programme, which is aimed at ensuring that all customers enjoy high standards of service whenever they contact the council. To improve focus on cross-cutting areas, the council in conjunction with Partners for Brent has recently set up multi-agency sub-groups covering health & social care; crime prevention & community safety; local housing, environment & transport; and education & lifelong learning.

### **Capacity**

The council continues to develop its capacity in key areas. New corporate sickness management procedures have been introduced and the average number of days lost to sickness for the council overall is eight days which is top quartile performance.

People management and organisational development initiatives during the year have included all line managers trained in appraisals; a leadership for excellence programme attended by over 100 senior managers, introduction of a new work/life balance flexible working scheme and new procedures for handling discipline and grievance. Member and senior officer relationships are strong and there is commitment to work in multi-disciplinary teams, for example, social services and health.

Recruitment and retention of suitable staff is crucial to delivering the council's ambitions and steps taken this year to attract the right people, include the introduction market supplements allowances for 'hard to recruit posts' in environment and housing. To help meet stretching recycling targets, three community waste and recycling officers have been appointed to deliver sustainable waste management awareness programme in schools and community.

The council has continued to build on its strengths in equality and diversity in terms of employment practice and service delivery. A corporate diversity team has been established to ensure that equalities and diversity are mainstreamed into the council's service and improvement planning processes. Social services approach to equalities in workforce planning has been recognised as good practice.

### **Performance management**

Over the last year the council has continued to develop its approach to performance management, introducing more rigorous monitoring and consideration of performance information and better systems for capturing data. The council acknowledges that it still needs to do more to become a performance driven organisation, especially improving the accuracy and use of data.

Strengthening performance management is one of the seven strands in the Improving Brent programme. The action plan for this, agreed in May 2004, has provided fresh impetus to the importance of performance management. It contains specific and measurable performance improvement targets such as, complete on time 100 per cent of reviews of child protection cases by April 2005, which provide clear accountability and enable effective monitoring.

Members receive information about key aspects of performance in a timely fashion and play an active role in scrutinising performance. Progress with improvement priorities and the corporate strategy is regularly reviewed and all services are required to have local improvement plans. Scrutiny task groups are investigating key performance issues and additional corporate support and intervention is being provided to tackle under-performance.

The council is working with LSP partners to integrate performance management arrangements for the community plan and corporate strategy to ensure delivery of shared priorities.

### **Learning**

The council responds well to external challenge and inspection and ensures its plans incorporate lessons learnt from others. The recent good inspection rating for cultural services is partly due to the significant change in the sports service following an inspection in 2002. The implementation of the social services improvement plan which was based on previous external assessments has led to marked improvements in the service.

A new corporate learning plan covering customer care, disability awareness and equalities and management skills helps senior managers prioritise key learning needs for the year ahead and feeds into the service planning process.

### **Investment**

The council has continued to develop the building blocks to promote continuous improvement. Gaps in staffing capacity are being filled and the broad based Improving Brent programme engages all staff and managers in delivering the cultural change needed for pursuing excellence. Council-wide Investors in People status was recently achieved in recognition of its approach to improving service effectiveness through developing its staff.

The council is enhancing its approach to quality management of services. All ten service units certificated to ISO 9000 achieved the upgraded ISO 9001:2000 Quality Management System Standard and it is rolling out the European Foundation for Quality Management excellence model.

Investments have been made in the ICT infrastructure including human resources to improve workforce monitoring. Further ICT developments include the introduction of a new accounting scheme (Oracle) and new payments systems. The council is spending over £1m per year on IT and e-government. Its website continues to be amongst the top rated local authority sites. The council has been successful in leveraging in additional

funding for priority services. London Recycling Fund (£0.1m is supporting garden waste collection and a 'get sorting' promotional campaign.

A risk management strategy and Council-wide risk register have been developed, training provided and guidelines issued for incorporating risk management into service plans. The next stage is implementation of online risk registers.

### ***Achievement***

Achievement in Brent shows a mixed picture. Since 2002/03, 58 per cent of performance indicators have improved. It has 34 per cent of PIs in the top 50 per cent, and 35 per cent are in the worst quartile. Education, housing benefits, libraries and leisure services PIs are mainly in the third and fourth quartiles. The council achieved half of the targets it set for 2003/04.

### ***Supporting children and young people***

#### ***Social Services***

Brent has continued to improve social services and this has been recognised with a two star rating from CSCI in November 2004. Services for adults were judged as serving most people well and services for children as serving some children well. Both services have promising prospects for improvement. Some 57 per cent of social services PIs have improved from 2002/03. Particular improvements have been made in services for looked after children, with greater stability of placements (85 per cent having two or less placements per year) and more care leavers in education, training and employment (both best quartile performance). The foster placement service also received a positive inspection report. Weaker areas of performance include the proportion of children adopted, completion of child protection reviews. In adult services there has been improvement in the proportion of older people helped to live at home, the number of service users receiving a statement of needs and a care plan. However, the proportion of older people receiving intensive homecare has not improved and costs of residential and nursing care have increased relative to other authorities.

### ***Education***

In 2003, OFSTED assessed the council's education work as 2 star upper, but with improvement achieved 'not proven'. The capacity to improve is assessed as "secure". For education overall, there is a mixed picture of performance improvement. Since 2002/03, 42 per cent of PIs have improved, but only 16 per cent are in the top 50 per cent. Brent has 12 out of 13 schools with specialist status which is above the national average. Educational attainment of pupils is variable. The percentage of pupils with five or more A\* to C grade GCSEs and pupils achievement at key stage 2 for English have improved, but other school improvement indicators have been maintained at a similar level to last year. Over the year, the number of schools in special measures increased from 2 to 3 out of 84 schools. However, this now stands at 2 schools. Performance in terms of special needs has improved but is still comparatively low.

### ***Promoting quality of life and the green agenda***

#### ***Housing***

There has been good improvement in housing overall with 75 per cent of PIs improving.

Top quartile performance was achieved for making private sector properties fit and for responsive repairs appointments kept and the percentage of improvement in non decent LA homes is in the second quartile. The government's target of having no homeless family with children in B&B for more than six weeks at 31 March 2004 was met, but the PIs for homeless people in B&B and hostel accommodation remain in the worst quartile. The council has good arrangements in place for providing housing related support services for vulnerable people. The supporting people inspection in January 2004 scored the service as two stars with excellent prospects for improvement.

#### ***Libraries and leisure***

The council has delivered improvements in cultural services in the past year, particularly in the sports service. The culture whole services inspection in August 2004 resulted in a good service rating with promising prospects for

improvement. Among the strengths identified were better links with local stakeholders, greater marketing and stronger contract management. The number of visits to libraries continues to rise and this is best quartile performance. Areas requiring further attention include user satisfaction levels which remain low for most cultural services and investment in the infrastructure.

### *Environment*

Performance in this area has progressed in the last year with 62 per cent of PIs having improved, and over half in the top two quartiles. One of the key areas of improvement is waste and recycling. A new re-use and recycling centre opened at Twyford Transfer Station at Park Royal in July 2004 and is currently achieving a 60 per cent recycling level. Although the council did not meet the government's recycling target for March 2004 of 10 per cent, at August 2004, the average recycling rate was 12 per cent. The council is putting in place the recycling infrastructure necessary to achieve the 2006 target of 18 per cent. Recycling frames (for paper, glass and cans) have been introduced on 80 estates, low participation areas are targeted to promote reuse and recycling and bring sites now take plastics.

The planning and development control inspection in August 2004 rated the service as good with excellent prospects for improvement. Top quartile performance is achieved for the processing of all types of planning application, levels of delegation to officers and for new homes built on previously developed land.

There is a need for further improvement in refuse collection and street cleaning. The waste management inspection in November 2003 rated the service as fair with promising prospects for improvement. Second quartile performance is achieved for satisfaction with standards of cleanliness, but satisfaction with waste collection is third quartile; and waste management costs; access to kerbside collection and the percentage of land littered are in the worst quartile.

### *Regeneration and priority neighbourhoods*

The council's regeneration work has earned it Beacon Council status for

neighbourhood renewal and removing barriers to work. Programmes aimed at tackling worklessness have included Brent in 2work which has supported over 480 Brent residents into employment; Brent Business Broker which has helped 17 residents find employment and 400 young people job focussed training from employers; and Refugees into Jobs, which has helped 100 refugee professionals.

The council has set out a 'Vision for a New Wembley' aimed at ensuring that regeneration goes beyond the stadium and encompasses the whole of the area providing high quality leisure, retail, housing, office, educational, civic and cultural facilities which embrace and celebrate Brent's multicultural communities. Regeneration targeted in the most deprived areas is beginning to show progress in St. Raphael's, Brentfield, Harlesden, Stonebridge and the South Kilburn New Deal for Communities area. Brent was awarded £2.3m from the Neighbourhood Renewal Fund for 2003/04.

### *Tackling crime and community safety*

The council has worked to improve safety and reduce fear of crime, particularly in parks through the introduction of community wardens. For example, the annual parks survey identified residents' perception of reduced risks in the seven parks with enhanced security. The Safe haven project was completed in conjunction with partners and 36 anti-social behaviour contracts and 12 ASBOs were issued. Levels of recorded crime in the borough remain high for violent crime and domestic burglaries, although the latter did fall from 28 to 27 per 1,000 households.

### *Achieving service excellence*

The council has introduced the "Improving Brent" programme with the aim of driving improvements in service delivery.

Overall satisfaction with the service provided by the council is third quartile. The major expansion of Kilburn One Stop Shop has led to very positive feedback from users and a high level of use. The contact centre has now been extended to Saturday mornings and covers all services. There has been a 12 per cent increase in library opening hours and 73 per cent of transactions are now on line (second quartile performance). The council also

achieved the Disability Symbol Award. Eighty-six per cent use of resources PIs have improved since 2002/03. Best quartile performance is achieved for the top 5 per cent of earners who are women and for the proportion of employees who are from BME groups. Collection of council tax and NNDR both improved, but these remain bottom quartile.

### *Housing Benefits*

As noted within the performance section of this letter, the Council has improved its overall level of performance in this area with the Benefit Fraud Inspectorate rating it as fair in 2004 (up from poor in 2003). Implementation of the recovery plan has led to changes to the structure, working practices and skill levels of staff and eradication of the backlog in April 2004. For 2003/04, four PIs have improved and six have not improved, with seven remaining in the worst quartile. Waiting times are down from two hours to 45 minutes and the average time for processing new claims is down from 89 days last year to 56 days (but still below the standard of 36 days). There has been a continued decline in the average time for processing change of circumstances; now at 34 days against a standard of 9 days, which remains worst quartile. Satisfaction with the service overall is also low, although the latest local survey does show improvement.

### *Inspection results*

The table in Appendix B summarises the detailed Audit Commission inspection results for 2004.

### *CPA Scorecard*

The Audit Commission have assessed core service performance in the service areas detailed in the table below. Each service is scored on a scale of 1 to 4, with 1 being the lowest and 4 being the highest. Education and social care are given more importance in reaching the overall score than other areas.

Service	December 2002	December 2003	December 2004
Education	3	3	3
Social care (adults)	2	2	3
Social care (children)	2	2	2
Environment	2	2	2
Housing	3	4	4
Libraries and Leisure	1	1	3
Benefits	1	1	3
Use of Resources	3	3	4

# Audit plan 2004/05

## Audit Plan 2004/05

We have issued our Audit Plan for 2004/05 and we presented it to Performance and Finance Select Committee on 23 June 2004.

Given the dynamic environment within which you operate, we have revisited our Audit Plan to ensure that it remains appropriate for the 2004/05 financial year. We have identified the following areas that we may require audit additional audit attention:

- *Risk Management* – the Council will need to ensure that risk management becomes embedded within the organisation and that formal risk registers are established corporate wide; and
- *Children's Services – Partnership* – the Council will be required by the Children's Act to work increasingly in partnership with their health and criminal justice partners to provide Children's Services in the forthcoming years.

## Fees update for 2003/04

We reported our fee proposals as part of our Audit Plan for 2003/04, which we presented to the Council in June 2003. These fee proposals covered the 17 month period from 1 November 2002 until 31 March 2004.

We increased the performance element of our fee to reflect the complexities of the accommodation study and the fact that it took time to scope a

meaningful terms of reference. This increase was agreed with the Director of Corporate Services.

The cost of investigating questions that we received from local electors led to an increase in our accounts and governance fee. This increase was agreed with the Director of Finance.

Our fees charged were therefore:

	2002/04 Outturn	2002/04 Fee proposal
Accounts and Governance	526,500	520,000
Performance	225,000	220,000
Total	751,500	740,000

# Appendix A: Audit reports issued in relation to the 2003/04 financial year

- PAF Data Quality Review
- Final Accounts Report
- Audit opinion for 2003/04 financial statements
- BVPP opinion and any report issued by 31 December 2003
- CPA auditor scored judgements issued in October 2003
- SAS 610 report



# Appendix B: Summary of Inspection Results

Inspection	Service Score	Positive Aspects	Areas for improvement
Waste	Fair, with promising improvement prospects	<ul style="list-style-type: none"> <li>Innovative approach to graffiti and removal of abandoned vehicles</li> <li>Commitment to long term investment</li> <li>Strong performance management framework</li> </ul>	<ul style="list-style-type: none"> <li>Low recycling rates</li> <li>Limited targeted education to improve participation in recycling</li> <li>Refuse and street cleaning contract not incentivised and contract monitoring arrangements are weak</li> <li>Lack of waste minimilisation</li> <li>High refuse collection costs</li> <li>Some residents receive inadequate service</li> </ul>
Supporting People	Good, with excellent improvement prospects	<ul style="list-style-type: none"> <li>Programme seen as a driving force for change</li> <li>Improved access for young offenders</li> <li>Improved range of activities for residents in sheltered housing</li> <li>Individual support plans provide services and activities that people want</li> <li>Service reviews involve users and inform commissioning of services to meet changing needs</li> <li>Good links to other sevicees, such as mental health and learning disability</li> <li>Good joint working with other bodies</li> <li>Robust planning for 5 year strategy</li> <li>Clear understanding of roles of commissioning and strategy development</li> <li>Arrangements for monitoring by scrutiny in place</li> </ul>	<ul style="list-style-type: none"> <li>Aims not prioritised and no firm aims linked to partners aims</li> <li>Shared performance management arrangements not in place and reporting of action taken to address poor performance is not well documented</li> <li>Action still to be taken with regard to service providers at risk of failure</li> </ul>

Culture	Good, with promising improvement prospects	<ul style="list-style-type: none"> <li>• Clear links between ambition for cultural service and those for the local area informed by consultation</li> <li>• Outcomes against local priorities</li> <li>• Significant improvement in sports service supported by a new sports strategy</li> <li>• Quality of service in parks and libraries is strong</li> <li>• Performance management systems established</li> <li>• Mainstreaming of equalities and diversity issues into service planning and partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• Low level of satisfaction with sports service</li> <li>• Building stock is deteriorating and there are insufficient identified resources to address this</li> <li>• Outcomes and impacts of some local projects are not being measured</li> <li>• Some plans are not robust and the process for monitoring and review is not well established</li> </ul>
Planning	Good, with excellent improvement prospects	<ul style="list-style-type: none"> <li>• Planning service supports regeneration</li> <li>• All government targets for processing planning applications have now been met and substantial planning delivery grant has been awarded</li> <li>• The service is responsive and accessible and has a Chartermark</li> <li>• Partnerships are effective and the service's work on major projects is highly regarded</li> <li>• Performance management processes provide accurate and timely information which informs continuous improvement</li> <li>• A planning code of conduct is in place and relationships between councillors and officers are positive</li> </ul>	<ul style="list-style-type: none"> <li>• Refusal rates are high</li> <li>• Planning service is not monitoring outcomes against the community strategy priorities</li> <li>• Conservation area planning guidance is of variable quality</li> <li>• Recruitment and retention remains a challenge</li> </ul>

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