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Annual Letter

Wrexham County Borough Council

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Status of this report

This document has been prepared for the internal use of Wrexham County Borough Council as part of work performed in accordance with statutory functions, the Code of Audit and Inspection Practice and the 'Statement of Responsibilities' issued by the Auditor General for Wales.

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Summary

1. This Annual Letter sets out the key messages from work undertaken over the last twelve months up to the point when it was written by:
 - the Appointed Auditor under the Code of Audit and Inspection Practice (the Code); and
 - the Relationship Manager (RM) on behalf of the Auditor General for Wales (Auditor General) under the studies and inspection powers of the Auditor General.
2. The Annual Letter includes a summary of audit and inspection work and reports progress against improvement actions. It draws on published reports of other inspectorates to provide an annual summary to the Council. The work planned for the year was set out in the Regulatory Plan 2006/2007 and more detail on the specific aspects of the work undertaken can be found in the separate reports that have been issued during the year.
3. The Annual Letter will be provided to all members in December 2007 and will be presented to the Executive Board in December 2007.
4. The Auditor General's Appointed Auditor has concluded that the Council's resources were, in all material respects, properly used and accounted for in 2006/2007:
 - the Council's 2006/2007 accounts presented fairly the financial position as at 31 March 2007;
 - the Council's financial health continues to be sound;
 - the Council has appropriate financial management arrangements; and
 - an examination of the Council's significant financial systems did not identify any material weaknesses in internal control.
5. The Appointed Auditor has concluded that the Council had proper arrangements in 2006/2007 to help it achieve economy, efficiency and effectiveness in its use of resources.
6. Our work found that the services we reviewed are generally performing well and the Council has shown a willingness to work with the Wales Audit Office to develop more meaningful measures of performance in some key areas of its work.
7. The Council has engaged positively with the Wales Audit Office's initiatives to promote improvement through shared learning and the Good Practice Exchange. The Council is making adequate progress in implementing the Making the Connections agenda and we are continuing to review its progress.
8. The Annual Risk Assessment identified some services where further work is required. The updated Joint Risk Assessment (JRA) demonstrates that some corporate aspects have reduced from high risk though single status, sustainability and equalities are areas where further work is needed.

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9. In common with other councils waste management remains a high risk although much work is on-going to address and mitigate the risk. Other areas of high risk are the Council's response to meeting the Welsh Housing Quality Standard following the negative vote by tenants and school building improvement.
 10. Both Adult and Children's social services have a number of aspects with a high risk assessment and some examples of increased risk.
 11. The Appointed Auditor recommends no statutory inspections this year.

The Appointed Auditor's report

The Council's resources were, in all material respects, properly used and accounted for

12. The financial statements are an essential means by which the Council accounts for its stewardship of the resources at its disposal and its financial performance in the use of those resources. The Code identifies that it is the responsibility of the Council to:
 - put systems of internal control in place to ensure the regularity and lawfulness of transactions;
 - maintain proper accounting records; and
 - prepare financial statements in accordance with relevant requirements.
13. As auditors we are required to audit the financial statements and to issue an auditor's report which includes an opinion on whether the financial statements present fairly the state of affairs of the Council. The auditor's report also gives our opinion on whether the financial statements have been prepared properly in accordance with relevant legislation, directions or regulations, and applicable accounting standards, and that its expenditure has been lawfully applied.
14. Our financial audit work covers the following areas:
 - financial statements or accounts;
 - financial health;
 - financial management; and
 - financial systems.

The Council's 2006/2007 accounts presented fairly the financial position as at 31 March 2007

15. The Council produced and approved its draft financial statements 28 June 2007 this was within the statutory deadline of 29 June 2007.
16. International Standard on Auditing (ISA) 260 requires auditors to report to 'those charged with governance' the findings of our accounts audit. The Appointed Auditor's report *Audit of the Financial Statements – reporting to those charged with governance* was presented to the Audit Committee on 27 September 2007. A summary of the findings is set out in Exhibit 1.

Exhibit 1: ISA 260 reporting to the Council

Reporting requirement	Auditor's response
Modifications to the auditor's report.	No modifications to the auditor's report.
Unadjusted misstatements.	There were no unadjusted misstatements. Some adjustments were corrected following our audit although these were not material.
Material weaknesses in the accounting and internal control systems identified during the audit.	No matters arose.
Views about the qualitative aspects of the entity's accounting practices and financial reporting.	No matters arose.
Matters specifically required by other auditing standards to be communicated to those charged with governance.	No matters arose.
Any other relevant matters relating to the audit.	No matters arose.

17. The Council's working paper files were available for the audit to commence 2 July 2007. The files were compiled to support the audit of the financial statements.
18. On 28 September 2007 we issued an unqualified auditor's report on the financial statements.
19. We finalised our report on the Council's Whole of Government Accounts in October 2007. There were no matters of significance to report.
20. Our work auditing various grant claims and returns to date has not identified any significant issues.

The Council's financial health continues to be sound

21. We are responsible for assessing whether the Council has put in place adequate arrangements to monitor, control and report on its financial standing. Our audit was based on a review of the following areas:
 - setting a balanced revenue budget and capital programme;
 - financial monitoring and reporting;
 - meeting financial targets; and
 - financial reserves.
22. We have examined budget reports and procedures and we are satisfied that suitable arrangements are in place and that the Council's revenue and capital budgets cover all relevant areas of income and expenditure, and are based on realistic assumptions.
23. We are satisfied that the Council has in place sound arrangements for financial monitoring and reporting that should ensure that any potential material misstatements and variances will be identified.

24. The Council has a good track record of operating within its revenue budget and this continued in 2006/2007.
25. The most recent budget monitoring reports for 2007/2008 identify that the Council is again on target with the current prediction of break even at 31 March 2008 on a net budget of £187.9 million. The report however identifies service pressures within Safeguarding and Support and Adult Social Services that officers are managing.
26. Members and officers continue to review reserves annually to ensure that the reasons they were established remain valid and the amount reserved is based on realistic assumptions of need. Earmarked reserves have been set aside for known and predicted liabilities and commitments including single status.
27. Exhibit 2 identifies that as at 31 March 2007 the Council had some £27.1 million in cash-backed capital and revenue reserves (including school reserves) which is a £6.4 million increase since last year.

Exhibit 2: The Council's cash-backed reserves

2005/2006-2006/2007

	2005/2006 £'000	2006/2007 £'000
Revenue earmarked	10,258	15,038
General	5,727	5,941
Housing Revenue Account (HRA)	2,635	3,549
Schools	2,040	2,577
Total	20,660	27,105

Source: Wrexham County Borough Council Audited Accounts 2006/2007

28. This further improvement in the level of reserves ensures they are at a prudent level. Council reserves are now just below the average for Welsh Authorities. The Council will need to monitor the level as new or potential financial risks or claims are identified.
29. As set out in Exhibit 3, the Actuary identified a deficit of £134.2 million on the Council's Pension Fund compared with £152.9 million last year. The main reasons for the decrease in the deficit is stronger performance on investments and a difference between the expected and the actual change in the financial assumptions. As reported last year, the employer's contribution rate has increased and the long-term aim is to achieve a fully funded position over 20 years. As this will impact on future revenue expenditure it will require careful planning and continued monitoring.

Exhibit 3: The Council's pension fund valuation

	2005/2006 £ million	2006/2007 £ million
Market value of assets	261,251	282,980
Estimated liabilities	(414,159)	(417,196)
Net liability	(152,908)	(134,216)

Source: Wrexham County Borough Council Audited Accounts 2006/2007

30. The Council has continued to improve its collection rates as can be seen by the following Exhibit.

Exhibit 4: Collection rates

	2005/2006 %	2006/2007 %
The percentage of council tax due for the year that was recovered	96.5	96.5
The percentage of NDR due for the year that was recovered	98.41	98.49
The percentage of housing rents collected	94.7	95.2

Source: LGDU and Wrexham County Borough Council Audited Accounts 2006/2007

The Council has appropriate financial management arrangements

31. The Council's significant financial systems are effective. The Council's arrangements include: internal financial controls, Internal Audit, recognised standards of financial conduct, legality arrangements, and arrangements to prevent and detect fraud and corruption.
32. To demonstrate financial stewardship, the Council needs to ensure effective financial management including:
- effective internal financial controls, such as robust standing orders and financial regulations, strong budgetary control and effective Internal Audit;
 - recognised standards of financial conduct;
 - appropriate arrangements to ensure that the Council only enters into transactions where there is specific legal provision for it to do so; and
 - effective arrangements to prevent and detect fraud and corruption.
33. Our review of these areas identified:
- that the arrangements to maintain the systems of internal control were found to be effective;
 - as in previous years, Internal Audit has met the required professional standards;

- the arrangements for ensuring that the Council only enters into transactions where there is specific provision for it to do so were found to be in place and had continued to operate effectively; and
 - as in previous years, the ethical framework of the Council was found to be operating effectively together with the arrangements for preventing and detecting fraud and corruption.
34. We have therefore concluded that effective financial management arrangements are in place.

An examination of the Council's significant financial systems did not identify any material weaknesses in internal control

35. Our review of the Council's financial systems has involved documenting the significant financial systems and where necessary testing the operation of the internal controls. We have concluded that the Council's significant financial systems can be relied upon to produce materially correct outputs.

The Council has adequate corporate management arrangements

The Council had proper arrangements in 2006/2007 to help it achieve economy, efficiency and effectiveness in its use of resources

36. The Public Audit (Wales) Act 2004 requires auditors to satisfy themselves that the audited body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. This requirement is reflected in the Code.
37. Our conclusion has been reached as part of our annual audit of the accounts. We examined evidence of the existence of the Council's corporate performance management and financial management arrangements. In this work we do not comment on or provide assurance on the effectiveness of those arrangements during the year.
38. Separate value-for-money work does consider where arrangements or their operation could be improved. The results of such work carried out during 2006/2007 are set out later in this Annual Letter. This work informs our conclusion on the existence of arrangements but is not essential to it.
39. The auditor's report on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources during 2006/2007 is set out in Appendix 1. The criteria used to assess this are set out in Appendix 2.
40. We have concluded that in 2006/2007 the Council had robust arrangements in place to support the achievement of its responsibility to secure economy, efficiency and effectiveness in its use of resources. The detailed results of our assessment are summarised in Exhibit 5.

Exhibit 5: Assessment of proper arrangements

Aspect	Arrangement	Yes or No
Strategic and operational objectives	Has the Council put in place arrangements for establishing, reviewing and implementing its strategic and operational objectives?	Yes
Meeting the needs of users and taxpayers	Has the Council put in place arrangements to ensure that services meet the needs of users and taxpayers, and for engaging with the wider community?	Yes
Internal controls	Has the Council put in place arrangements to ensure compliance with established policies, procedures, laws and regulations?	Yes
Risk management	Has the Council put in place arrangements for identifying, evaluating and managing operational and financial risks and opportunities, including those arising from involvement in partnerships and other forms of joint working or contracting?	Yes
Resource Management	Has the Council put in place arrangements for managing its financial and other resources, including arrangements to safeguard its financial standing?	Yes
Reviewing Performance	Does the Council have arrangements in place to monitor and review performance, including arrangements to ensure data quality?	Yes
Standards of Conduct	Has the Council ensured that its affairs are managed in accordance with proper standards of conduct and to prevent and detect fraud and corruption?	Yes
Overall Conclusion	Has the Council put in place proper arrangements to secure 'economy, efficiency and effectiveness' in its use of resources?	Yes

The Council's Improvement Plan has been delivered appropriately

41. Under the Local Government Act 1999 and subsequent guidance issued by the Welsh Assembly Government (the Assembly Government) in Circular 28/2005, an Improvement Plan must be published by 31 October. We are required to audit the Improvement Plan in accordance with statutory requirements and guidance, and to report our findings, including on the completion of the JRA, our audit of the Council's Performance Indicators (PIs) and on its performance measurement arrangements.
42. Detailed responsibilities, the scope of our work and the audit certificate are set out in Appendix 3. The results of our audit are set out in Exhibit 6.

Exhibit 6: Performance management

<p>Audit of the Improvement Plan</p>	<p>The Improvement Plan was produced and published on time and complied with the guidance in Circular 28/2005. The Improvement Plan, and the Public Summary were approved in September 2007. The Public Summary will be published in “Connect” in November 2007.</p> <p>The Council’s improvement plan:</p> <ul style="list-style-type: none"> • is a well structured document that clearly sets out some key information; • contains the Council’s corporate priorities and progress; and • includes performance indicators which are used to demonstrate performance. <p>We consider that further improvements can be made in the Plan:</p> <ul style="list-style-type: none"> • The reporting on prior year performance could be improved and be made more relevant and provide greater clarity to the reader. The graphical presentation of performance should report on achievements and not on activity. • A commentary on performance indicators should be provided and the inclusion of prior year targets would assist in assessing the direction of performance. • The sections on sustainability and equalities should conclude on how the Council is performing in each of these areas.
<p>Performance Management Arrangements (incorporating performance indicators and performance measurement)</p>	<p>The Council continues to develop its performance management framework, but there is a continuing need to improve the way it supports cross service working</p> <ul style="list-style-type: none"> • The Improvement Plan is well structured and sets out some key information clearly. However, much of the information contained in the ‘Evaluation 2006/2007’ section was not specific enough to be informative. • The Community Strategy sets out the strategic priorities for the Council and its partners. The Improvement Plan sets out seven corporate priorities and fourteen core corporate business areas. • An important feature is the recognition that the delivery of Corporate Priorities and Core Corporate Business areas will often require a number of departments to work together. However, securing effective cross service working presents the Council with a significant challenge, in some areas. The Improvement Plan lacks clarity on how this will be addressed. • The Corporate Priorities inform the corporate and service planning and budget setting processes. • Some corporate priorities are clearly expressed in terms of why the improvements are necessary, and what success would look like. The picture of success is then supported by clear targets. For example:

	<p>What success will look like</p> <p>More older people will be supported to live independently at home and more older people will confirm that they are satisfied with the range and quality of services provided.</p> <p>Targets 2007/2008</p> <ul style="list-style-type: none"> - increase the percentage of the domiciliary care budget that is delivered externally from 48% in March 2007 to at least 54% by March 2008; - reduce instances of delayed transfers of care from a rate of nine per 1000, to a rate of seven per 1000 population aged 75 or over; - increase the rate of older people helped to live at home to 64 per 1000 population by March 2008 (2006/2007 = 62.4); - maintain the rate of older people supported in care homes at less than 28 per 1000 population throughout 2007/2008 (2006/2007 = 26.68); - at least 80% of service users will confirm that they are satisfied with the range of services provided (CSSIW inspection 2005 = 77%); and - at least 88% of service users will confirm that they are satisfied with the quality of services provided (CSSIW inspection 2005 = 85%).
<p>Performance Management Arrangements (incorporating performance indicators and performance measurement)</p>	<ul style="list-style-type: none"> • There are also examples where there is no clear picture of success. <ul style="list-style-type: none"> - Anti-social behaviour can undermine the cohesion of local communities and seriously disrupt individual lives. Reducing anti-social behaviour in Wrexham will require the continued development of partnerships within the Council and with other public service bodies. • However, there are clear targets for anti-social behaviour: <ul style="list-style-type: none"> - we aim to achieve a 15% increase in the reporting of Anti-Social Behaviour/Rowdy Nuisance incidents compared to 2006/2007; - have a comprehensive, clear and accessible statement of policies and procedures on anti-social behaviour; - increase the number of young people participating in Youth Service County Programme activities to 350; and - reduce the average time taken to remove hate graffiti to 4 hours. • There are a range of performance measures in place across the organisation along with targets. In some cases, however, targets are not SMART and of limited value. For example: <ul style="list-style-type: none"> - To publish a Footways Improvement Programme for 2007/2008, to reduce the proportion of footways in the County Borough that are assessed as having 'Major Surface Deterioration from a baseline in March 2007 of 10.16%. To prepare, agree and publish a Footways Improvement Programme for 2008/2009.

	<ul style="list-style-type: none"> • This will limit the effectiveness of the Council's focus on key priorities, for the reasons noted in previous Wales Audit Office work. • The Council has an electronic based data system in place for monitoring, collating and generating reports. This provides the Chief Executive, Strategic Directors, the Executive and Scrutiny with regular performance reports. • These reports do not always help managers and members to focus on outcomes that are important to the public, due to the prevalence of reporting on activity as opposed to outcomes. • We identified that the Council has put in place adequate systems to produce all the 2006/2007 National Strategic Indicators (NSIs). • The Council is continuing to address sustainability and equality; however these key WPI issues are not yet effectively embedded in performance management arrangements.
<p>Efficiency gains</p>	<p>The Council had established arrangements to support the achievement, measurement and demonstration of efficiency gains during 2005/2006. It has demonstrated commitment to both the efficiency gains project and to developing its arrangements further.</p> <p>This work considered the 2005/2006 efficiency gains that the Council had “declared”. We identified the need for the Welsh Assembly Government to produce clearer and more comprehensive guidance on efficiency gains and for the Council to apply a more consistent approach to its efficiency gains projects. We considered that the Council's arrangements could be strengthened further through:</p> <ul style="list-style-type: none"> • developing a Council wide system for the measurement and demonstration of efficiency gains to ensure a consistent and robust approach providing sufficient evidence to support achievements, and demonstrating that there has been no detrimental impact on the level and quality of service delivery; • developing and agreeing which performance measures will be used to assess the success of a project before it commences; • developing internal mechanisms for independent review, challenge and scrutiny of the evidence to support efficiency gains projects; • establishing a baseline assessment for service areas which will be subject to efficiency gains projects where this has not already been done; and • formally monitoring the achievement of efficiency gains projects.

The Council has engaged positively with the Wales Audit Office's initiatives to promote improvement through shared learning and the Good Practice Exchange

43. Promoting improvement across public services through the capture, evaluation and dissemination of good practice, is a long-term approach the Wales Audit Office embarked upon during the year. Web-based facilities to support improvements in sickness absence management have been launched and the ability to access Wales Audit Office case studies and facilities to share learning across public services have been developed.
44. As part of the Improvement Study on Good Practice in Sickness Absence, the Council was provided with assistance to consider the opportunities around sickness absence management good practice linked to the Wales Audit Office Good Practice Exchange. The Council engaged positively with this approach through agreeing that the focus of the work was to be on the perception of how sickness absence is managed from both an employee and manager perspective. The work is currently ongoing and to date has comprised a series of meetings and the drafting of a questionnaire by the Wales Audit Office for consideration by the Council prior to circulation.
45. As sickness absence continues to be a significant issue across Welsh public services the Wales Audit Office will be maintaining its focus in this area, developing the approach of promoting improvement through the use of good practice. The sickness absence theme will be developed into the wider area of attendance management during 2007/2008 and we will build upon the relationships developed with the Council to assist with the implementation of good practice in this area.

The Council is currently making adequate progress in implementing the Making the Connections agenda. It has a clear view of what it wants to achieve and is challenging the constraints that are inhibiting further progress

46. In concluding our initial work, we agreed with the Council that it was making adequate progress in implementing the Making the Connections agenda.
47. We propose to build on this by undertaking a study into the use of physical assets across the Welsh public service. The potential efficiency gains from reviewing the configuration and use of assets are significant and the potential gains from joint working in this area are also significant. There is a unique opportunity to:
- promote better use of assets at the institutional and broader community level; and
 - identify and share good practice.
48. We intend to examine asset management across the Welsh public services over a three-year period. Initially we will examine if the Welsh public services are collectively ensuring that their approach to fleet and vehicle asset management makes the best use of resources to support improvements in service delivery.

The Annual Risk Assessment identified some corporate areas where risks have been reduced. However aspects of social services remain high risk

49. The Council's internal risk assessment process has continued to develop. A key milestone in this development has been achieved by the Council taking ownership of the Wales Programme for Improvement risk assessment, the JRA and the updating of the Risk Assessment Template.
50. The Council also undertakes a Strategic Risk review which alongside the WPI risk assessment feeds into an Annual Corporate and Budget Planning Cycle. The existence of two processes for capturing and recording risk can lead to duplication of effort and cause confusion. The Council and the Wales Audit Office need to tackle the issue of how business risks align with performance improvement risks.
51. The Council has continued to refine its mechanisms for capturing, monitoring and collating risk. However, it recognises that the process needs further refinement to capture all the risks in some service and corporate areas. We will continue to work alongside officers to enhance the existing arrangements.
52. As part of the continuing refinement of the JRA process there has been a move to six monthly updating of the risk assessment template. The Council has begun to address the need for evidence on outcomes and not just actions to mitigate risks.
53. The JRA shows a number of corporate aspects where the risk assessment has reduced such as Corporate Management and Culture, Leadership and Vision. However, Single status, Sustainability and Equalities are examples of aspects where previously high risk assessments remain and are areas where further work is needed.
54. In common with other councils waste management remains a high risk although much work is on-going to address and mitigate the risk. Other areas of high risk are the Council's response to meeting the Welsh Housing Quality Standard following the negative vote by tenants and school building improvement.
55. Both Adult and Children's social services have a number of aspects with a high risk assessment and some examples of increased risk.

Education Services are performing well and will continue to improve if the remaining barriers to future progress are addressed

56. In October 2007 ESTYN, Her Majesty's Inspectorate for Education and Training in Wales, undertook an inspection on all of Wrexham County Borough Council's education services. This inspection took place from 1 to 12 October 2007.
57. Most education service areas are performing well and there are potential examples of good practice for sharing with others.
58. Prospects for improvement appear to be positive with recognition that there are barriers that need to be overcome in some service areas in order to secure the necessary improvement.
59. We will report more fully on the outcomes from this inspection in next year's letter.

Progress has been made in addressing issues in adult social services and the fostering service but there are significant issues still to be addressed in children's social services

Since the joint review report in 2004, there have been considerable efforts made to improve adult services

60. A review of adult social services in Wrexham was carried out between January 2006 and March 2006 and the final report was published in February 2007. The review team concluded that because new processes and systems are taking time to consolidate and become embedded into practice, improved performance is not yet evident in all areas, although where changes have been implemented some good practice was identified. Services are beginning to change so that they can deliver more effectively a modern agenda for social services - one that promotes prevention, independence and social inclusion. New services that more clearly focus on these goals are being developed. The Council now faces the challenge of maintaining this process of change, consolidating new systems and practice and continuing to increase its focus on quality in order to deliver its social care agenda for the people of Wrexham.
61. The review team's judgements were that the quality of service provided was inconsistent in:
- access to services;
 - assessment;
 - care management and review; and
 - arrangements to protect vulnerable people.
62. The review team's judgements were that the quality of service provided was mainly good in:
- range of services provided;
 - quality of services provided; and
 - success in promoting independence and social inclusion.

Since the 2006 inspection, the fostering service has committed to a process of continuous development

63. The Care and Social Services Inspectorate Wales (CSSIW) carried out an inspection of fostering services in July 2007. The final report published in September 2007 concluded that the service has responded well to the requirements and recommendations made in the 2006 inspection and there are no requirements that remain outstanding. The report also concluded that there are examples of initiatives being introduced and planned to further improve the fostering service offered to children and families.

The children's services review identified strengths in the core processes being carried out in a reliable and timely manner, but found significant gaps in practice quality particularly in the area of child protection

64. This review of Children's Social Services was undertaken by the Social Services Inspectorate for Wales (SSIW) during January 2007. It was a small-scale review, following a prior risk assessment carried out largely on the basis of the yearly performance evaluation. For this reason the report gave no overall judgement on children's social services but did conclude that in specific areas there is a need for improved management oversight in order to tackle areas of inconsistent performance. The evidence available about the workforce, leadership, and corporate and political support and scrutiny, suggests that in each the Council is mainly well placed to sustain and improve services.

There have been a number of changes to Social Care services in Wrexham since the time of the Joint Review, including separate reviews of both adult and children's social services by the Care and Social Services Inspectorate Wales (CSSIW)

65. During the year we undertook work to follow up the Council's response to the above inspections. Collaboration between the Council, CSSIW and the Wales Audit Office determined the scope of our work. It was agreed by all involved that the Council would commission developmental work from the Wales Audit Office to assist in delivering identified objectives.
66. The Council requested a focus on the infrastructure systems in Adults Social Services and It was agreed that this work would be targeted on strengthening cohesion and clarity in financial and budgetary management, commissioning, and preparing business cases.
67. The work has been delivered through two half-day interactive workshops involving Adult Services senior managers. The workshops were informed by best practice, drawn from the Institute of Public Care, the Audit Commission and other leading organisations.
68. A final meeting was held with the Council on 23 October 2007. Officers are currently working on an action plan in response to the issues identified. We will report the outcomes more fully in next year's annual letter.

The Council's environment services are currently providing value-for-money services which are capable of meeting future challenges in the medium to long-term

69. In last year's letter we reported to you the draft findings from our environmental services review. The final report was issued to the Council in January 2007 in which we reported the above overall conclusion. We arrived at this conclusion because:

- The environment services are delivering value for money for the citizens of the County Borough which has been demonstrated through their current performance and the approach to service planning and delivery.
 - The environment services are providing co-ordinated and customer-focused services which will be further improved through the development of an integrated streetscene approach to service delivery.
 - The Council is addressing the current and future risks associated with meeting the Welsh Assembly Government's targets relating to waste minimisation and recycling. This is being done through its planned development of an integrated waste treatment facility and its new initiatives for recycling, composting and waste minimisation which are designed to meet the Council's waste collection and disposal requirements for the next 25 years.
70. Since this report was finalised the Council has made significant progress on the integrated waste treatment facility. In May 2007 the Council signed a contract with its preferred partner and planning permission has also been granted.

The Council has carried out a thorough review of its leisure provision, and is now working towards implementing recommendations

71. The Council's strategic review of leisure provision, supported by the Wales Audit Office, concluded in January 2007. The aim of the review was to ensure that the pattern of provision is appropriate and sustainable in the long term in order to be able to deliver on the Welsh Assembly Government strategy for sport and physical activity 'Climbing Higher'.
72. The main output from the review was the development of a vision for sport and physical activity provision in Wrexham and how this vision may be achieved. The review challenged existing provision and acknowledged the need for new approaches in order to significantly improve physical activity levels and meet national targets. The work was supported by a strategic facility review carried out by the Sports Council Wales (SCW), and the outcome of the Council's review reflects the SCW recommendations.
73. Proposals for remodelling provision were approved in principle by the Executive Board in February 2007, and an outline five-year implementation plan has been developed. A period of public consultation has been undertaken, and the Council is now in a position to put more detailed plans in place to implement the review's recommendations. The Wales Audit Office will provide assurance in this process by monitoring progress and testing the robustness of project plans.

The Wales Audit Office has reviewed aspects of partnership working and is meeting with stakeholders to agree the conclusions from this work

74. We undertook a review of the effectiveness of partnership working in summer 2007 and will now be meeting with stakeholders to agree the conclusions from this work. The Council will then consider how best to take this work forward with other partners.

The Council is working with the Wales Audit Office to develop performance measures for Health, Social Care and Well Being (HSCWB) and housing repairs and maintenance

75. This piece of work is designed primarily to develop an agreed and rounded basket of performance measures for two study areas that will enable the Council and its partners to demonstrate improvements in citizen focussed outcomes. The two study areas chosen by the Council are council house repairs and maintenance and health social care and wellbeing.
76. Fieldwork and research has been ongoing and the next stage will be to convene facilitated workshops with key service personnel. It is proposed that this is done in two stages. The first stage would comprise an overview of what we are trying to do and provide a context for services to do some work themselves prior to the second stage. The second stage would involve the Wales Audit Office challenging and helping the service refine what it had produced.
77. We will report on the outputs of this innovative piece of work in the 2007/2008 Annual Letter.

The Council has made good progress on energy efficiency in the local housing stock and is expected to achieve the policy agreement target of 12 per cent

78. We undertook a national study to review the progress that councils are making in delivering the requirements of the Home Energy Conservation Act (HECA). Our overall conclusion for the Council is stated above. We came to that conclusion because:
- responsibility for delivery is relatively complex, reflecting the cross-cutting nature of this issue - but it seems to work in practice;
 - commitment of resources (both financial and staff) to delivering HECA objectives;
 - using a number of different approaches;
 - biggest challenge relates to the private sector;
 - generally good internal and external working arrangements; and
 - HECA objectives are largely independent of policy agreements because the drivers relate to issues such as health, well-being and quality of life - leading to a cross-cutting, joined up approach and ability to access non-HECA money.

The Appointed Auditor recommends no statutory inspections this year

- 79.** The Appointed Auditor is required each year to recommend whether, on the basis of audit work undertaken, the Wales Audit Office should carry out a Best Value Inspection of the Council or whether the Assembly Government should recommend a course of action, referred to as 'a direction' under section 15 of the Local Government Act 1999 (the 1999 Act). On the basis of audit work undertaken.
- 80.** The Appointed Auditor does not recommend that the Auditor General should carry out a Best Value Inspection of the Council under section 10 of the 1999 Act; and we do not recommend that the Assembly Government should give a direction under section 15 of the 1999 Act.

Appendix 1

Auditor's report on the arrangements for securing economy, efficiency and effectiveness in its use of resources in 2006/2007

Conclusion on the Council's arrangements for the year ended 31 March 2007 for securing economy, efficiency and effectiveness in its use of resources	
The Council's responsibilities	
The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, and to ensure proper stewardship and governance. The Council is also responsible for regularly reviewing the adequacy and effectiveness of these arrangements.	
Auditor's responsibilities	
I have a responsibility under section 17(2) of the Public Audit Wales Act 2004, to conclude from my audit of the Council's annual accounts and other relevant information whether I am satisfied that it has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. For the purposes of my work in this area, I have assessed 'proper arrangements' as principally comprising an organisation's corporate performance management and financial management arrangements, significant elements of which are defined in paragraph 48 of the Auditor General's Code.	
I report if significant matters have come to my attention which prevent me from concluding that the Council has made such proper arrangements. In carrying out my work, I have not considered whether the arrangements in place represent all those that could be in place. I am also not required to consider, nor have I considered as part of this aspect of my work, the effectiveness of the arrangements in place in securing value for money during the year under review.	
Conclusion	
The following conclusion has been based on, and limited to, work carried out as part of my audit of the 2006/2007 accounts, together with any other information that I have considered to be relevant to my examination, to establish, in all significant respects, what arrangements the Council had in place during the year to support the achievement of its responsibility to secure economy, efficiency and effectiveness in its use of resources.	
Based on the Council's Statement of Internal Control and as a result of the work carried out, as described above, as part of my audit of the 2006/2007 accounts, and all other information that I have considered to be relevant, I am satisfied overall as to the existence of the arrangements that the Council had in place during the year to support the achievement of its responsibility for securing economy, efficiency and effectiveness in its use of resources. Based on, and limited to the work carried out I have not raised any issues or made recommendations to improve the Council's arrangements.	
Anthony Barrett Appointed Auditor December 2007	Wales Audit Office Unit 4, Evolution, Lakeside Business Village St David's Park Ewloe CH5 3XP

Appendix 2

Criteria for assessing the Council's arrangements during 2006/2007 for securing economy, efficiency and effectiveness in its use of resources

Corporate performance management and financial management arrangements	Questions on arrangements
Establishing objectives, determining policy and making decisions	1. Has the Council put in place arrangements for setting, reviewing and implementing its strategic and operational objectives?
Meeting needs of users and taxpayers	2. Has the Council put in place channels of communication with users and taxpayers, and other stakeholders including partners, and are there monitoring arrangements to ensure that key messages about services are taken into account?
Compliance with established policies	3. Has the Council put in place arrangements to maintain a sound system of internal control, including those for ensuring compliance with laws and regulations, and internal policies and procedures?
Managing operational and financial risks	4. Has the Council put in place arrangements to manage its significant business risks?
Managing financial and other resources	5. Has the Council put in place arrangements to evaluate and improve the value for money it achieves in its use of resources?
	6. Has the Council put in place a medium-term financial strategy, budgets and a capital programme that are soundly based and designed to deliver its strategic priorities?
	7. Has the Council put in place arrangements to ensure that its spending matches its available resources?
	8. Has the Council put in place arrangements for managing and monitoring performance against budgets, taking corrective action where appropriate, and reporting the results to senior management and the Council?
	9. Has the Council put in place arrangements for the management of its asset base?
Monitoring and reviewing performance	10. Has the Council put in place arrangements for monitoring and scrutiny of performance, to identify potential variances against strategic objectives, standards and targets, for taking action where necessary, and reporting to the Council?
	11. Has the Council put in place arrangements to monitor the quality of its published performance information, and to report the results to Council members?
Proper standards of conduct etc	12. Has the Council put in place arrangements that are designed to promote and ensure probity and propriety in the conduct of its business?

Appendix 3

Audit of the 2007/2008 Improvement Plan

Certificate

We certify that we have audited Wrexham County Borough Council's Improvement Plan in accordance with section 7 of the 1999 Act and the Auditor General's Code. We also had regard to supplementary guidance issued by the Assembly Government such as Circular 28/2005.

Respective responsibilities of the Council and the auditors

Under the 1999 Act the Council is required to prepare and publish a Best Value Performance Plan summarising:

- its assessments of performance; and
- its position in relation to its statutory duty to make arrangements to secure continuous improvement to the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

This was supplemented by further guidance on how the WPI will be implemented under sections 3, 5 and 6 of the 1999 Act as set out in the National Assembly for Wales' Circular 18/2002. Under this guidance, the statutory Best Value Performance Plan has been replaced by a statutory Plan.

Assembly Government circular 28/2005 superseded Circular 18/2002 and requires the Plan to be published no later than 31 October of the financial year to which it relates.

The Council is responsible for the preparation of the Plan and for the information and assessments set out within it. The Council's future work programme set out in the Plan should connect to the outcomes of the updated risk assessment.

The Council is also responsible for establishing appropriate performance management and internal control systems from which the information and assessments in its Plan are derived, and for ensuring that it provides sufficient capabilities and capacity needed to manage change and improvement. The form and content of the Plan are prescribed in section 6 of the 1999 Act and the statutory guidance issued by the Assembly Government.

As the Council's appointed auditors, we are required under section 7 of the 1999 Act to carry out an audit of the Plan, to certify that we have done so, and to report whether we believe that the Plan has been prepared and published in accordance with statutory requirements set out in section 6 of the 1999 Act and statutory guidance and, where appropriate, recommending how the Plan should be amended so as to accord with statutory requirements; and to recommend:

- Where appropriate, procedures to be followed in relation to the Plan.
- Whether the Wales Audit Office should carry out an inspection of the Council under section 10 of the 1999 Act.

- Whether the Assembly Government should give a direction under section 15 of the 1999 Act – eg, directing the Council to amend its Plan, carry out a review of a specific function or hold a local inquiry. Details of all possible directions can be found in the 1999 Act.

Scope of the Improvement Plan audit

We planned and performed our work to obtain all the information and explanations that we considered necessary in order to report and make recommendations in accordance with section 7 of the 1999 Act.

For the purposes of our report, we have interpreted compliance with the statutory guidance issued by the Assembly Government in the document, *Wales Programme for Improvement: Guidance for Local Authorities*, as being sufficient to meet the statutory requirements under section 6 of the 1999 Act.

We are not required to form a view on the completeness or accuracy of the information, or realism and achievement, of the Plan published by the Council. Our work therefore comprised a review and assessment of the Plan and, where appropriate, an examination on a test basis of relevant evidence, sufficient to satisfy ourselves that the Plan includes those matters prescribed in legislation and statutory guidance and that the arrangements for publishing the Plan complied with the requirements of the legislation and statutory guidance.

For the purpose of determining whether or not to make recommendations on procedures to be followed in relation to the Plan, our work included:

- a review and assessment and, where appropriate, examination on a test basis of evidence relevant to the adequacy of the systems set in place by the Council for collecting and recording specified performance information; and
- the testing of specific NSPIs selected on the basis of criteria set out by the Wales Audit Office.

The work we have carried out in order to report and make recommendations in accordance with section 7 of the 1999 Act cannot be relied upon to identify all weaknesses or opportunities for improvement.

We planned our work so as to collect sufficient evidence to satisfy ourselves that the Plan includes those matters prescribed in legislation and statutory guidance, and the arrangements for publishing the Plan, complied with the requirements of legislation and statutory guidance.

Appendix 4


Audit and inspection fees

Your 2006/2007 audit and inspection fees were based on the risks identified and an assessment of the work needed to address those risks. They are currently expected to be in line with those set out in your Regulatory Plan as summarised below.

Audit and Inspection fees 2006/2007 (excluding VAT)

	2006/2007 planned (£)	2006/2007 expected actual (£)
Accounts	103,134	103,134
Performance audit	79,279	79,279
Performance inspection	75,485	75,485
Total	257,898	257,898

In addition to the fee above, we are required to certify your government grant claims and returns for which we must charge the actual time taken to undertake the work at skill related fee rates. This work is not complete: at this stage we anticipate this work will cost approximately £100,000 plus VAT.



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