

ANNUAL AUDIT AND INSPECTION LETTER 2008

PORTFOLIO RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

7 MAY 2009.

Wards Affected

County-wide

Purpose

To note the Audit Commission's Annual Audit and Inspection Letter for 2008 and approve the response to each of the five action points raised.

Key Decision

This is not a Key Decision.

Recommendations

THAT

- (a) **the Audit Commission's Annual Audit and Inspection Letter for 2008 be noted, and;**
- (b) **the response to the action points in paragraph 9 of the Annual Audit and Inspection Letter for 2008 be approved.**

Reasons

1. The Council needs to respond appropriately and promptly to the action points identified by the Audit Commission in order to demonstrate improvements that will be reflected in their subsequent reports on audit, inspection and performance assessment.

Considerations

2. The Annual Audit & Inspection Letter provides an overall summary of the Audit Commission's assessment of the Council. It draws on the Commission's audit, inspection and performance assessment work over the last year. Many of the comments will therefore be familiar as this report summarises the key points of previous Audit Commission reports, such as the Use of Resources.
3. The Audit Commission has identified five issues that it feels need action. These are set out in paragraph of the Letter as follows:
 - (a) Ensure that the developing joint management arrangements between the Council and PCT result in the setting and monitoring of shared targets that clearly state the improved outcomes that local people can expect to experience as a result of the closer working of the two organisations.

Further information on the subject of this report is available from
David Powell, Director of Resources on (01432) 383519

- (b) Ensure that responses being developed to address delays in carrying out timely assessments for children's social care are effective and sustainable.
 - (c) Monitor the Safer Road Partnership's response to the recommendations from our recent assessment.
 - (d) Continue to actively pursue a satisfactory conclusion to waste management as soon as possible.
 - (e) Ensure that processes are put in place to drive out the expected benefits of Herefordshire Connects, including financial savings.
4. The assessment contained in the Annual Audit and Inspection Letter is positive, with the council assessed to be "improving well" and this is reflected in the performance in most priority areas. The overall assessment of the council's position is summarised in the CPA scorecard as follows:

Element	Assessment
Direction of Travel judgement	Improving well
Overall	
Corporate assessment/capacity to improve	2 out of 4
Previous corporate assessment/capacity to improve, as included in overall CPA judgement in 2007.	3 out of 4
	Current performance
Children and Young people *	2 out of 4
Social Care (adults) *	2 out of 4
Use of Resources *	3 out of 4
Housing	3 out of 4
Environment	3 out of 4
Culture	2 out of 4
Benefits	4 out of 4
<i>(Note: * these aspects have a great influence on the overall CPA score) (1 = lowest; 4 = highest)</i>	

5. The Direction of Travel judgement confirms the council's improvement since last year and the letter notes improvement in most priority areas. Over a three-year period, the council's performance remains in line with similar councils with 66% of performance indicators improving over that period. In 2007/08, 61% of performance indicators improved. Overall Use of Resources improved from level 2 to 3 and that assessment noted the council's priority of targeting funding at priority and under-performing services.
6. The key points evident in the Annual Audit and Inspection letter are as follows:
- (i) The linkages between Corporate Plan themes and the council's top priorities are acknowledged in the letter. The improvement to services for children and the measures to improve timelines of referrals and assessments is also indicated in the letter.
 - (ii) The changes to service delivery patterns in adult health and social care are beginning to deliver improvements. Whilst the Commission for Social Care Inspection (CSCI) rating for outcomes remained 'adequate', three outcome judgements improved from 'adequate' to 'good'.

- (iii) Progress is confirmed around developing the local economy and improvements in services, contributing to sustainable communities. However, the delivery of services to a widely dispersed community remains a challenge.
- (iv) Partnership working is focussed on the delivery of outcomes and is seen as 'strong' with a particular strength being joint working with the voluntary and community sector.
- (v) The council's ability to understand and engage with the needs of diverse groups is gradually improving, supported by organisational arrangements that have been assessed at level 3 of the Equality Standard, compared with level 2 last year.
- (vi) The council is a relatively low cost authority with adequate arrangements for providing and managing Value for Money (VFM). Whilst improvements have been made to secure value for money, these are not yet consistently improvement outcomes. The letter notes the good progress around procurement and the achieving of efficiency savings.
- (vii) The serious concerns around corporate governance have been addressed with 'good progress' noted.
- (viii) The accounts received an unqualified opinion, with a strong performance noted around the quality and timelines of the progress.
- (ix) The Audit Commission was able to conclude that the Authority has put in place proper arrangements for securing Value for Money.
- (x) The Use of Resources assessment was positive, with an improvement from level 2 to level 3 (performing well). Financial reporting was assessed as 'performing strongly' and given the highest possible score of 4.
- (xi) The Safer Roads Partnership (SRP) in West Mercia builds on the earlier work of the Safety Camera Partnership. The SRP requested the Audit Commission to take an overview of the partnership and assess it against the Audit Commission's "Changing Lanes" publication. The review found a lack of a clear strategy.
- (xii) The letter noted the council's partnership approach with Worcestershire around its PFI contract for waste management. The contract remains in "standstill" pending the provision of a waste treatment facility. The requirement to conclude discussions means this is a risk.

Comprehensive Area Assessment

7. The new Comprehensive Area Assessment (CAA) framework will provide an overall local area assessment drawing on the findings of various public service inspectorates. The results will be published in autumn 2009 and in the future the areas covered by the Annual Audit and Inspection Letter will be part of the CAA reporting framework.
8. A response to each of the five action points in the Annual Audit and Inspection Letter has been drafted (Appendix 2). The timing of the submission of the Annual Audit and Inspection Letter meant that the Audit & Corporate Governance Committee were not able to receive an action plan.

Financial Implications

9. None arising as a direct result of this report.

Risk Management

10. The response to the issues identified by the Audit Commission in their Annual Audit and Inspection Letter 2008 will underpin an improvement in the Council's audit, inspection and performance assessments over the next 12 months.

Alternative Options

11. There are no Alternative Options.

Consultees

The Audit and Corporate Governance Committee has been consulted on the Annual Audit & Inspection Letter for 2008.

Appendices

Appendix 1 – The Annual Audit & Inspection Letter 2008.

Appendix 2 – The draft response to the action points in the Annual Audit & Inspection Letter.

Background Papers

None identified.