
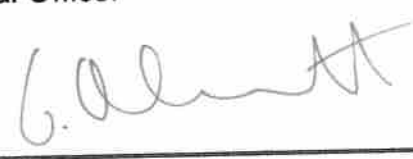


Haringey Council

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Agenda item:

Cabinet		On 16 June 2009
Report Title: Annual Audit and Inspection Letter 2009		
Report of: Chief Executive and Chief Financial Officer		
Signed:  		
Contact Officer: Gerald Almeroth, Chief Financial Officer		
Wards(s) affected: All	Report for: Key decision	
1. Purpose of the report 1.1. To consider the Council's response to the issues set out in the Audit Commission's annual audit and inspection letter.		
2. Introduction by the Leader 2.1. This report makes clear the areas where the Council needs to focus its efforts during the coming year to address the shortcomings outlined in the JAR inspection at the end of 2008. We have already set in place a range of measures to address the failings made clear in both the Annual Audit and Inspection Letter and JAR. Our JAR action plan approved by partners has also been approved by Ofsted and sets out an ambitious but achievable action plan which we are determined to deliver against. 2.2. Although the overall rating and direction of travel judgement are disappointing the report highlights that the council's performance in all other areas bar children and young people is 3 out of 4 and in culture is 4 out of 4. It is also encouraging to see that our use of resources score is 3 out of 4. Our Corporate assessment/ capacity to improve score of 3 out of 4 should also give confidence that through concerted effort of both the Council and partners our performance in Children and Young People can improve significantly over the coming year.		

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

3.1. The annual audit and inspection letter is part of the formal process of external audit and inspection and provides an independent assessment of the Council's position in terms of progress in meeting its strategic objectives.

4. Recommendations

4.1. To note the audit and inspection letter and to agree the response and actions as set out in the report.

5. Reason for recommendation

5.1. The recommendation provides a response to the issues raised and sets out clear actions in terms of improving the Council's performance in these matters.

6. Other options considered

6.1. The recommended actions are considered to be the best options for the Council to move forward.

7. Summary

7.1. The annual audit and inspection letter presents the external assessment of the Council. The Council is given an overall star rating of 1 with an assessment of not improving adequately. This is primarily derived from the inspection of Children's Services carried out in late 2008. The report also outlines how the Council is addressing the key issues raised by the external assessment process.

8. Head of Legal Services Comments

8.1. The report and the recommendations contained within it are in accordance with the statutory framework.

9. Equalities &Community Cohesion Comments

9.1. The audit and inspection process has a strong emphasis on equalities and diversity. The Council has been assessed as performing well in this respect.

10. Consultation

10.1. The report will also be considered by the Council's Audit Committee on 30 July. There is no other wider consultation planned.

11. Service Financial Comments

- 11.1. The resource implications for implementing the actions in this report have been considered as part of the overall financial and business planning process and are included within the previously approved budget.

12. Use of appendices /Tables and photographs

- 12.1. Annual Audit and Inspection Letter 2009 – Audit Commission

13. Local Government (Access to Information) Act 1985

- 13.1. None

14. Background

- 14.1. The Annual Audit and Inspection Letter from the Audit Commission is an important external assessment of the Council's overall position.
- 14.2. The Annual Audit and Inspection Letter is compiled by the Council's relationship manager and the external auditor. It summarises the conclusions and significant issues arising out of the audit and inspection work for the Council in the preceding year and from the audit of the Council's accounts. It includes information from the Direction of Travel statement and from the Comprehensive Performance Assessment (CPA) scorecard.

15. Annual Audit and Inspection Letter

- 15.1. The Annual Audit and Inspection Letter reports on the Council's overall CPA score, which reflects the serious problems identified with the Children's Service in November 2008 which (given the additional weighting in the overall scoring this service has) gives the Council an overall star rating of 1 with an assessment of the Council not improving adequately.
- 15.2. Within the CPA scorecard it is recognised that other services are performing well with 3 out of 4 for value for money, environmental services, adult social care, benefits and housing. While the Council is rated as performing strongly (4 out of 4) for libraries, leisure and recreation services.

15.3. The full CPA scores are:

Performance area	Rating
Overall performance	1 star
Financial management and value for money	3 out of 4 rating
Cultural services (libraries, leisure)	4 out of 4 rating
Environmental services	3 out of 4 rating
Adult social care	3 out of 4 rating
Housing	3 out of 4 rating
Benefits services	3 out of 4 rating
Children's services	1 out of 4 rating

15.4. In addition to the overall position the letter covers four separate service inspection areas that were reported in the last year.

15.5. The inspection of the Allocations and Lettings Service in October 2007 (reported in December 2008) where the Council was judged as providing a 'poor', no-star service having promising prospects for improvement. There is considerable focus in the Council on addressing the concerns highlighted in this inspection.

15.6. The inspection of adult social care services were judged to be 'good' on delivering outcomes with 'promising' capacity to improve. This is a two star service. While the assessment of the housing benefit service was that the Council achieved a score of 3 (out of 4).

15.7. Ofsted's annual performance assessment in December 2008 assesses the services for children and young people as being 1 (out of 4). The full scores are as follows:

Performance area	Rating
Enjoying and achieving, including student attainment	3
Making a positive contribution, including young people's participation in decision-making and reducing juvenile-offending rates	2
Achieving economic well-being, including staying-on rates and 16-19 achievement	2
Staying safe, covering child protection and safeguarding	1
Being healthy, including work on child health and teenage pregnancy	1
Capacity to improve	1
Overall effectiveness	1

15.8. Scoring a 1 on safeguarding means the overall score is 1.

- 15.9. The APA judged that in staying safe there has been a serious deterioration in performance and limited impact from services. The specially commissioned joint area review in November 2008 judged safeguarding services including performance management in this area to be inadequate. The APA judged that in enjoying and achieving and economic wellbeing, services were making a greater difference. Impact is evident in terms of: improved outcomes in the Foundation Stage; attainment that is continuing to improve at all key stages; a higher proportion of young people gaining qualifications by age 19; and there is better attendance in schools.
- 15.10. The Council is assessed as delivering value of money and has good financial standing. The Use of Resources score improved from a 2 to a 3 for financial reporting and maintained overall an assessment score of 3 out of 4.
- 15.11. In the area of accounts and governance the comments are generally positive and this is reflected in the important auditor opinions that the accounts for 2007/08 are unqualified and that the value for money conclusion is also unqualified.

Key actions needed

- 15.12. Four areas for key actions have been identified by the Audit Commission and set out below are the actions taken / planned to address these areas:

1. Address the main findings and recommendations made by Ofsted in the Special Joint Area Review.

- 15.13. The Council and its partner agencies have submitted an action plan to government responding to the specific points identified by OFSTED in the JAR but also setting out the framework for a journey that will take 3 years to progress from where the council currently is to being an exemplar. The action plan covers a number of key changes namely:
- closer working between social workers, police officers and health staff;
 - recruiting and developing top quality staff;
 - putting more resources into safeguarding;
 - improving systems and procedures;
 - strengthening the managerial and political supervision of the system, including setting up a Children's Trust, and;
 - a stronger, more robust Local Safeguarding Children Board with independent chairperson.

2. Accelerate the pace of improvement in environment (recycling) and Homelessness.

Recycling

- 15.14. The Council's Greenest Borough Strategy and Recycling Strategy sets out how we will improve recycling services and performance in the next two years. Key actions include:
- ensure the same high standard of recycling service across the borough, including;
 - provision of the full mixed material recycling service (including plastic bottles and cardboard, as well as food and garden waste collections) to final 4000 kerbside properties remaining on the original kerbside service;
 - provision of the mixed material recycling service to remaining private blocks of flats (all Council-managed estates were provided with services in 2008/09);
 - provision of the mixed material recycling service to flats above shops;
 - provision of food waste collections to 10 schools (all schools were provided with the mixed material recycling service in 2008/09);
 - participation drive to increase participation in recycling services and the amount recycled, and ensure value for money is achieved from the services provided;
 - deliver awareness raising campaigns to reduce waste, increase composting and reduce contamination;
 - improve the range and amount of materials recycled or reused through the Reuse & Recycling Centres;
 - promote and develop local re-use and waste reduction schemes;
 - introduce on-street recycling bins for public places and review the network of bring banks in the borough, and;
 - actively engage with local businesses by establishing an environmental information scheme.

Homelessness - Temporary Accommodation (TA)

- 15.15. In April 2008 there were 5,389 households in TA this has reduced to 4568 as at March 2009 moving towards a target of 2,600 2010/11. A steering group chaired by the Chief Executive oversees the work being undertaken to reduce the number of households in temporary accommodation. Actions include:
- produce a TA Procurement Strategy;
 - set up an Registered Social Landlord RSL and Lettings Forum;
 - complete an audit of Supported Housing;
 - produce in consultation with stakeholders a multi-agency strategy and action plan for tackling rough sleeping in Haringey;
 - set up and launch a rent deposit scheme for non-priority homeless;
 - develop a Move-On strategy to free up TA, and;

- the London plan for the annual housing provision target for 2007/8 - 2016/17 is 660 - 970 for Haringey. 50% of all new homes should be for social housing.

3. Maintain its sustained focus on addressing staff sickness levels and recruiting key personnel.

- 15.16. The Council has been working hard to improve sickness absence rates over the last two years. Use is made of the best sickness reporting tools in London to help managers monitor and address sickness absence in the council. Regular meetings take place within directorates and at board level to monitor and challenge management action for addressing sickness. These will continue.
- 15.17. In the last two years sickness levels have reduced from 10.1 days in April 2007 to 8.5 days in January 2009. Current sickness levels are comparable or better than many other public sector employers. The figure on which the relationship manager made her assessment was 9.67 – based on December 2007 – so considerable progress has already been made.
- 15.18. The CBI absence and labour turnover survey 2008 identified the local government average sickness absence level at 9.2 days, and the average for public sector organisations with over 5000 staff as 9.7 days. Within London the London Councils sickness absence and turnover survey report 2008 showed average sickness level as 10 days, although this excluded schools staff. Haringey council current average excluding schools staff is 10.1 days.
- 15.19. There are no Haringey specific problems with recruitment or retention across the Council as a whole other than those nationally recognised. The turnover rate is 12.6% which is within the London boroughs rate of 13.7% (2007). The level of agency workers covering vacancies is currently at approx 10% of the workforce. This is better than many other London boroughs. A recent London Councils benchmarking survey of 13 boroughs (June 2008) showed the average agency level at 15.9%.
- 15.20. There are some occupations that we have difficulty in recruiting to such as Planners, Occupational Therapists, Transport Engineers, Social Workers - Children & Families, Adults and Youth services, but all other London boroughs experience difficulties in recruiting and retaining these occupations. The London Councils recruitment and retention report May 2007 has regularly, since 2000, listed these occupations in the top 10 of difficult to recruit and retain occupational groups.
- 15.21. Therefore we are not too different and indeed better than many other London boroughs in our ability to resource our workforce.
- 15.22. Nevertheless, the council will continue to focus on managing and improving sickness levels in the future as well as recruitment and retention.

4. Ensure its Treasury Management strategy continues to form a robust member led process for protecting the Council's financial assets.

15.23. The Cabinet received an independent external review of its treasury management arrangements by Price Waterhouse Coopers in February 2009 making a number of recommendations which were agreed for implementation and have or are being implemented. A separate national report by the Audit Commission was published in March 2009 and the recommendations for local government have been picked up and included in the action plan for this service. The progress in implementing these recommendations will be monitored by the Audit Committee as part of its routine quarterly reporting.

Annual Audit and Inspection Letter

Haringey London Borough Council

Audit 2007/08

March 2009



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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
-

Key messages

1 The main messages for the Council included in this letter are as follows.

- The London Borough of Haringey is not improving adequately. The Council's failure in its key priority to safeguard children has been publicly reported and it currently delivers an inadequate service for children and young people. There was insufficient strategic leadership and management oversight of the safeguarding of children and young people and a lack of rigorous arrangements for the management of performance. There is now new managerial and political leadership of this service, but it is too early to tell whether such changes will lead to improvement.
- Improvement has been demonstrated in other services. Education standards, while still below average are improving faster than the national rate and that of similar councils for most groups at Key Stages 1, 2, 3 and for five or more GCSEs including English and mathematics and adult social care has improved and is now good.
- Robberies and violence against the person are also reduced.
- The Council received an unqualified opinion on its 2007/08 accounts.
- The Council received an unqualified conclusion on its arrangements for securing value for money during 2007/08.
- The Council has improved aspects of its performance under the Use of Resources framework, including moving from a Level 2 to a Level 3 for the Financial Reporting theme. It delivers good value for money and has good financial standing.

Action needed by the Council

2 The key actions needed by the Council are as follows.

- The Council needs to address the main findings and recommendations made by Ofsted in the Special Joint Area Review including the need to establish a rigorous approach to performance management and the need for strategic leadership and management of the safeguarding of children and young people.
- The pace of improvement in areas such as environment (recycling) and homelessness needs to be accelerated.
- The Council needs to maintain its sustained focus on addressing staff sickness levels and recruiting key personnel.
- In the light of the Icelandic banking crisis, the Council needs to ensure its Treasury Management strategy continues to form a robust member led process for protecting the Council's financial assets

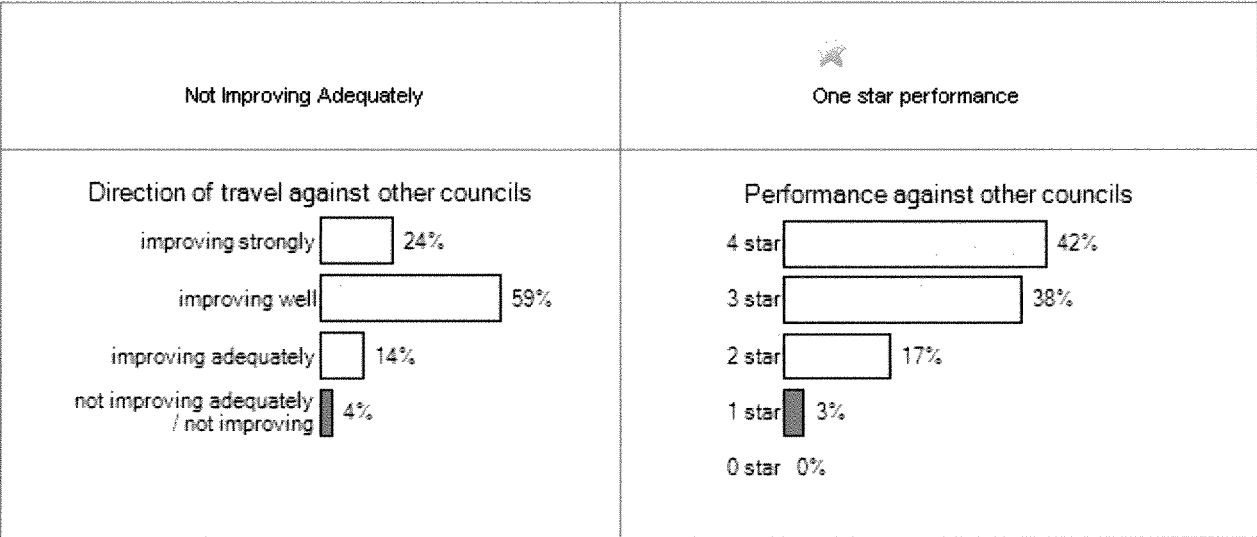
Purpose, responsibilities and scope

- 3 This report provides an overall summary of the Audit Commission's assessment of the Council. It draws on the most recent Comprehensive Performance Assessment (CPA), the findings and conclusions from the audit of the Council for 2007/08 and from any inspections undertaken since the last Annual Audit and Inspection Letter. It also includes the results of the most recent corporate assessment.
- 4 We have addressed this letter to members as it is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money. We have made recommendations to assist the Council in meeting its responsibilities.
- 5 This letter also communicates the significant issues to key external stakeholders, including members of the public. We will publish this letter on the Audit Commission website at www.audit-commission.gov.uk. (In addition the Council is planning to publish it on its website).
- 6 Your appointed auditor is responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, your appointed auditor reviews and reports on:
 - the Council's accounts;
 - whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion); and
 - whether the Council's best value performance plan has been prepared and published in line with legislation and statutory guidance.
- 7 This letter includes the latest assessment on the Council's performance under the CPA framework, including our Direction of Travel report and the results of any inspections carried out by the Audit Commission under section 10 of the Local Government Act 1999. It summarises the key issues arising from the CPA and any such inspections. Inspection reports are issued in accordance with the Audit Commission's duty under section 13 of the 1999 Act.
- 8 We have listed the reports issued to the Council relating to 2007/08 audit and inspection work at the end of this letter.

How is Haringey Council performing?

- 9 The Audit Commission’s overall judgement is that Haringey Council is not improving adequately and we have classified Haringey Council as one-star in its current level of performance under the Comprehensive Performance Assessment. These assessments have been completed in all single tier and county councils with the following results.

Figure 1 Overall performance of councils in CPA



Source: Audit Commission (percentages may not add up to 100 per cent due to rounding)

Our overall assessment - the CPA scorecard

Table 1 CPA scorecard

Element	Assessment
Direction of Travel judgement	Not improving adequately
Overall	1 star
Corporate assessment/capacity to improve	3 out of 4
Current performance	
Children and young people*	1 out of 4
Social care (adults)*	3 out of 4
Use of resources*	3 out of 4
Housing	3 out of 4
Environment	3 out of 4
Culture	4 out of 4
Benefits	3 out of 4

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

The improvement since last year - our Direction of Travel report

- 10 The London Borough of Haringey is not improving adequately. The Council's failure in its key priority to safeguard children has been publicly reported and it currently delivers an inadequate service for children and young people. There was insufficient strategic leadership and management oversight of the safeguarding of children and young people and a lack of rigorous arrangements for the management of performance. There is now new managerial and political leadership of this service, but it is too early to tell whether such changes will lead to improvement. Improvement has been demonstrated in other services. Education standards, while still below average are improving and adult social care has improved and is now good. Robberies and violence against the person are also reduced. However there remains a considerable challenge to improve quickly in areas such as environment and homelessness and to reduce the level of teenage pregnancies. While the Council delivers good value for money and has good financial standing which will provide capacity to improve, there is still difficulty in recruiting to some key services and higher than average staff sickness levels. Prospects of further improvement to important services remain uncertain.

Service inspections

- 11 The Audit Commission's inspection of Haringey's Allocations and Lettings Service in October 2007 judged that the Council provides a 'poor', no-star service that has promising prospects for improvement. The service is not sufficiently customer-focused, does not consistently measure its effectiveness among diverse groups and is not using ICT to tailor services to needs. The service can be easily accessed and there is a clear and visible commitment to driving improvement. The Council has taken positive steps to address capacity issues, however, staff capacity is reduced, for example by high levels of sickness absence, and the service is not consistently learning from customer feedback. Overall improvement in performance indicators is mixed and progress in implementing service improvement recommendations and delivering targets in key strategies has not been consistent. The full assessment can be accessed via the inspectorate's website www.audit-commission.gov.uk.
- 12 An important aspect of the role of the Comprehensive Area Assessment Lead (CAAL) is to work with other inspectorates and regulators who also review and report on the Council's performance. CAALs share information and seek to provide 'joined up' regulation to the Council. During the last year the Council has received the following assessments from other inspectorates.
- An annual performance assessment of children's services.
 - An annual performance assessment of adult social care services.
 - An annual performance assessment of benefits service.
- A summary of the overall judgements for each assessment are detailed in the paragraphs that follow.
- 13 Ofsted's annual performance assessment (APA) in December 2008 of Haringey's services for children and young people judged their overall effectiveness at a grade 1 (out of a possible 4). The APA found that Haringey delivers inconsistent services for children and young people and is inadequate overall. The APA judged that the contribution of services to improving outcomes in the areas of being healthy and staying safe were inadequate, whilst making a positive contribution and achieving economic wellbeing were adequate and enjoying and achieving were good. The APA judged capacity to improve, including the management of children's services, to be inadequate.

- 14 The APA judged that in staying safe there has been a serious deterioration in performance and limited impact from services. The specially commissioned joint area review in November 2008 judged safeguarding services including performance management in this area to be inadequate. The APA judged that in enjoying and achieving and economic wellbeing, services were making a greater difference. Impact is evident in terms of: improved outcomes in the Foundation Stage; attainment that is continuing to improve at all key stages; a higher proportion of young people gaining qualifications by age 19; and there is better attendance in schools. However, the number of schools performing below floor targets remains too high and the proportion of young people not in education, employment or training, although reducing, is above that in similar councils and the national average. The full assessment can be accessed via the inspectorate's website at www.ofsted.gov.uk
- 15 The Commission for Social Care Inspection's annual performance assessment in October 2008 of Haringey's adult social care services judged there to be 'good' delivery of outcomes with 'promising' capacity to improve services. The service has a two star rating overall (out of a possible three stars). Outcomes were assessed as good across the seven outcome areas including economic well-being and improved quality of life. Leadership and the commissioning and use of resources were assessed as promising. Strengths included partnership working and the well developed approach to joint commissioning. Areas for development included the need to increase the use of direct payments and the need to develop further the prevention framework. The full assessment can be accessed via the inspectorate's website, www.csci.gov.uk.
- 16 The assessment of the benefits service for 2008 concluded that the Council achieved a rating of 3 (out of a possible 4). The full assessment can be accessed via the inspectorate's website www.audit-commission.gov.uk.

The audit of the accounts and value for money

- 17 Your appointed auditors have reported separately to the General Purposes Committee on the issues arising from their 2007/08 audit and have issued:
- an audit report, providing an unqualified opinion on your accounts and a conclusion on your VFM arrangements to say that these arrangements are adequate, on 30 September 2008; and
 - a report on the Best Value Performance Plan confirming that the Plan has been audited in accordance with statutory requirements.

Use of Resources

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

Table 2

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

Note: 1 = lowest, 4 = highest

The key issues arising from the audit

The Council's financial statements

- 20 Overall, your appointed auditors reported on an improvement in the Council's processes for the production and audit of its accounts this year. The response to audit queries was, in the majority of cases, timely and adequate.
- 21 In February 2008, services within the PFI contract with Haringey Schools Services Limited were suspended, resulting in the facilities management element being transferred back to the Council and a requirement for the assets to come back onto the Council's balance sheet. There were several complicated accounting entries required as a consequence and adjustments were made to the accounts originally submitted for audit.
- 22 During the 2007/08 financial year there was an increase in the deficit reported at Alexandra Park and Palace and there were some complications over the granting of a lease to the proposed service provider at Alexandra Palace. The relationship between the Council and Alexandra Palace and Trust was reviewed to determine whether in accounting terms the Trust should be consolidated into the Council's accounts. Your appointed auditors concluded that although there were additional controls put into place at the Trust at the instigation of the Council, these were of a temporary nature and were not sufficient, in accounting terms, to warrant the Trust being included within the Council's group financial statements. However we will revisit this issue when the Council is required to adopt International Financial Reporting Standards in 2010/11.
- 23 The Pension Fund accounts were audited and reported on separately for the first time. Your appointed auditors reported to the Pensions Committee on 20 October 2008, with no significant improvement issues identified.
- 24 The Whole of Government Accounts were audited by the statutory deadline with no significant issues to note.

Use of resources

- 25 The UoR assessment reflected improvement in several areas, including an overall score increase from 2 to 3 for the Financial Reporting theme. This was the only overall theme score that changed from the prior year. The Council's Financial Standing arrangements have developed well and represent a sound basis on which to address the impact of the recession. The overall score in this area would have been higher if it were not for the Council's £37 million deposits with Icelandic banks and the potential risks that this may pose to the Council's longer-term financial position. We recognise that large numbers of local authorities and other public bodies are facing similar risks in the context of unprecedented failures in the banking sector.
- 26 The detailed findings from our work are highlighted in the Use of Resources and Data Quality report. Key areas for continued improvement in Use of Resources are as follows.
- The Council should ensure that it publishes information enabling electors to understand and exercise their rights in respect of the Council's accounts in accordance with the statutory timetable.
 - Measures to address cost/performance issues should be implemented as planned within the Achieving Excellence programme.
 - The Council's increased understanding of diverse local needs should become a driver for improved VfM throughout the borough.
 - Finally, the Council needs to ensure that it identifies and pursues efficiency opportunities through sharing procurement activity with key partners.
- 27 Under our Code of Audit Practice responsibilities we are required to review the Council's Data Quality arrangements and test specific indicators. This is under a framework specified by the Audit Commission and applied to all councils. Based on this framework the Council's Data Quality management arrangements have a number of positive features although there are some system weaknesses. Improvement opportunities include the key challenge of ensuring that high-quality data is used by and shared within strategic partnerships, and developing a robust corporate approach to validating externally reported data, for example, returns to government departments, their agencies and regulators. The Council is in the process of procuring and implementing a new performance management system, which presents an opportunity to make significant further improvements.
- 28 A value for money review was undertaken on the Council's arrangements for tackling Health Inequalities. This focussed in particular on the joint work of the Council and Haringey Teaching Primary Care Trust. Overall it was found that Haringey is relatively advanced in its arrangements for tackling health inequalities. A number of recommendations were made, in particular to expedite the development of the Joint Strategic Needs Assessment. It was also recommended that the structure of the Well Being Partnership Board should be improved to provide a better balance between strategic development and performance management.

- 29 A review of the arrangements the Council has in place to ensure probity and propriety in the conduct of its business was completed during the year. No serious weaknesses in the Council's processes or systems were identified as a result of the review. The review also took into account the requirements of the new Use of Resources Framework and areas that the Council should look to develop if it wishes to be able to demonstrate that it is performing well. A number of recommendations were made that focussed on strengthening partnership arrangements, a key focus of the new Framework. Other key findings included that the corporate risk register did not include the risk of fraud occurring and that a formal training plan for Members of the Council's Standards Committee should be developed. An action plan for implementation of the recommendations arising from the review has been agreed with the Council.

Grant Claims

- 30 The certification of grant claims submitted by the Council is undertaken in accordance with instructions from government departments. The largest of these is the housing and council tax benefit claim, with a value in 2007/08 of some £250 million. The Council has improved its arrangements for the production of grant claims this year, although there are still areas for improvement as outlined in our grants report. In particular the Council should endeavour to submit all claims for audit by the required deadline.

Looking ahead

- 31 The public service inspectorates have developed a new performance assessment framework, the Comprehensive Area Assessment (CAA). CAA will provide the first holistic independent assessment of the prospects for local areas and the quality of life for people living there. It will put the experience of citizens, people who use services and local tax payers at the centre of the new local assessment framework, with a particular focus on the needs of those whose circumstances make them vulnerable. It will recognise the importance of effective local partnership working, the enhanced role of Sustainable Communities Strategies and Local Area Agreements and the importance of councils in leading and shaping the communities they serve.
- 32 CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate area assessment and reporting performance on the new national indicator set, together with an organisational assessment which will combine the external auditor's assessment of value for money in the use of resources with a joint inspectorate assessment of service performance.
- 33 The first results of our work on CAA will be published in the autumn of 2009. This will include the performance data from 2008/09, the first year of the new National Indicator Set and key aspect of each area's Local Area Agreement.
- 34 Along with other local authorities the Council will be required to implement International Financial Reporting Standards from 1 April 2010. This will involve a significant amount of additional work in a number of key areas including valuations of fixed assets, review of contracts and the recording of annual leave. The Council will need to start to put arrangements in place from April 2009 as this represents the comparator year which must be reported in the 2010/11 accounts.

Closing remarks

- 35 This letter has been discussed and agreed with the Leader, Chief Executive and Chief Financial Officer. A copy of the letter will be presented at the Cabinet on the 24 March. Copies need to be provided to all Council members.
- 36 Further detailed findings, conclusions and recommendations on the areas covered by audit and inspection work are included in the reports issued to the Council during the year.

Table 3 Reports issued

Report	Date of issue
Audit and inspection plan	June 2007
Opinion on Best Value Performance plan	December 2007
Health Inequalities	June 2008
IT Controls	June 2008
Opinion on financial statements	September 2008
Report to those charged with Governance	September 2008
Pension Fund report	September 2008
Opinion on Whole of Government accounts	October 2008
Value for money conclusion	September 2008
Review of Probity and Propriety	November 2008
Use of Resources and Data Quality	December 2008
Grants report	January 2009
Annual audit and inspection letter	March 2009

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

Closing remarks

Availability of this letter

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

Jackie Barry-Purssell
Comprehensive Area Assessment Lead

March 2009

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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