

ST&CC Annual Audit and Inspection Letter

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Annual Audit and Inspection Letter

Halton Borough Council

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As an independent watchdog, we provide important information on the quality of public services. As a driving force for improvement in those services, we provide practical recommendations and spread best practice. As an independent auditor, we ensure that public services are good value for money and that public money is properly spent.

Status of our reports

This report provides an overall summary of the Audit Commission's assessment of the Council, drawing on audit, inspection and performance assessment work and is prepared by your Relationship Manager.

In this report, the Commission summarises findings and conclusions from the statutory audit, which have previously been reported to you by your appointed auditor. Appointed auditors act separately from the Commission and, in meeting their statutory responsibilities, are required to exercise their professional judgement independently of the Commission (and the audited body). The findings and conclusions therefore remain those of the appointed auditor and should be considered within the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission.

Reports prepared by appointed auditors are:

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- addressed to members or officers and prepared for the sole use of the audited body; no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

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Our overall summary

- 1 This report provides an overall summary of the Audit Commission's assessment of the Council. It draws on the findings and conclusions from the audit of the Council and inspections that have been undertaken in the last year and from a wider analysis of the Council's performance and its improvement over the last year, as measured through the Comprehensive Performance Assessment (CPA) framework.
- 2 The report is addressed to the Council, in particular it has been written for councillors, but is available as a public document for stakeholders, including members of the community served by the Council. The main messages for the Council included in this report are as follows.
 - The Council is judged to be improving well and has maintained its 'Excellent' (four star) rating under the CPA framework. It makes a significant contribution to wider community outcomes.
 - There has been an improvement in the percentage of people who are satisfied with the Council overall and in how well residents are kept informed. Both of these measures are now amongst the best when compared with other similar councils. There have also been improvements in resident satisfaction across a wide range of areas including recycling, transport, sports and leisure and libraries.
 - Service performance in areas identified by the Council as priorities has continued to improve. The Council has also maintained and improved performance in other areas. It has worked hard to make its services easier to access and made good progress on improving services for hard to reach groups.
 - External inspectorates comment positively on the Council's performance and plans for future improvements.
 - The Council has good systems of financial control and maintains its expenditure within available resources. Its financial management and reporting arrangements are effective.

Action needed by the Council

- 3 If the Council is to maintain its 'Excellent' rating and maintain its performance it has more to do in some key areas such as:
- Working with partners to decrease levels of burglary and improve the life expectancy of its residents.
 - Addressing some key challenges in connection with issues such as the assessment of needs of adopted children and young people and increasing the levels of recyclables collected from households.
 - Focussing its improvement activities in specific areas such as mental health and similarly in Children's Services where there is good 'Early Years' provision but high levels of unauthorised absence and permanent exclusions from secondary schools.
 - Strengthening its financial controls through including the financial impact of joint work with partners in the medium term financial strategy and fully embedding risk and performance management across all aspects of partnership working.
 - Ensuring that a rigorous performance management framework is in place to support the delivery of its ambitious capital programme and secure the Council's ongoing sound financial standing.

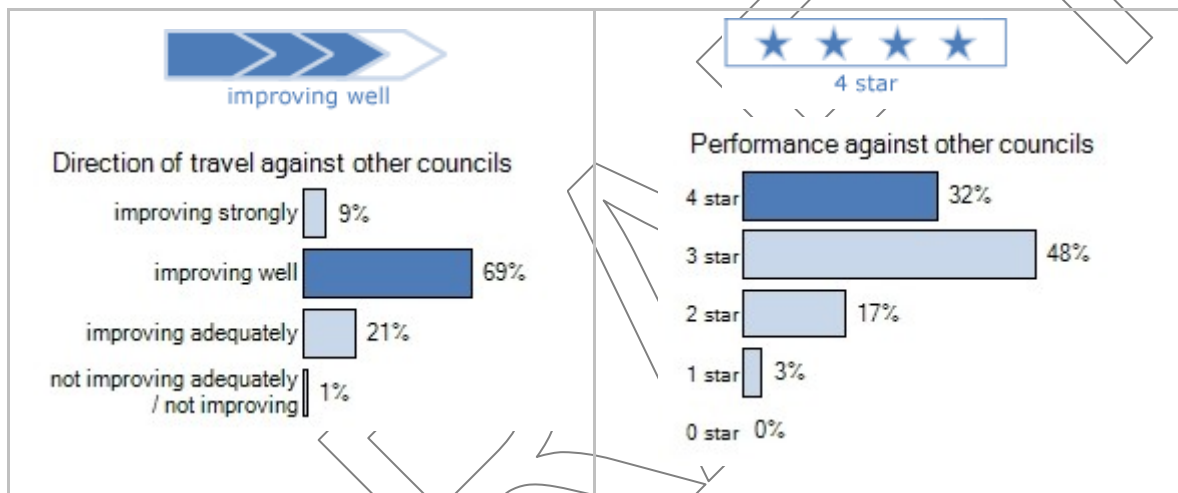
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How is Halton Borough Council performing?

Our overall assessment

- 4 The Audit Commission's overall judgement is that Halton Borough Council is improving well and we have classified Halton Borough Council as four star in its current level of performance under the Comprehensive Performance Assessment (CPA). These assessments have been completed in all single tier and county councils with the following results.

Table 1



Source: Audit Commission

- 5 The detailed assessment for Halton Borough Council is as follows.

Table 2 The CPA scorecard

Element	Assessment
Direction of Travel judgement	Improving Well
Overall	4 stars
Children and young people	3 out of 4
Social care (adults)	3 out of 4
Use of resources	3 out of 4
Housing	3 out of 4
Environment	4 out of 4
Culture	3 out of 4
Benefits	4 out of 4
Corporate assessment/capacity to improve	4 out of 4

(Note: 1=lowest, 4=highest)

The improvement since last year - our Direction of Travel report

- 6 In this section we comment on the Council's overall direction of travel, and the progress it is making against its overall priorities. Our overall conclusion is that the Council is improving well.

Improving outcomes

- 7 Service performance overall has continued to improve particularly in areas identified as priorities by the Council for example:
- an increase number of young people gained A-C* passes at GCSE;
 - more older people being helped to live at home; and
 - major planning applications being dealt with more quickly.

The Council has also maintained and improved performance in other areas such as housing benefits (which remains excellent), cultural services, adult services and services for vulnerable children and young people. However there are still some challenges to be addressed such as the assessment of needs of adopted children and young people and increasing the level of recyclables collected from households.

8 Annual Audit and Inspection Letter | How is Halton Borough Council performing?

8 The Council continues to make a significant contribution to wider community outcomes in several areas most particularly in respect of helping local people into jobs and improving their job-related skills. Council initiatives such as Halton People into Jobs have contributed to a fall in unemployment levels and a decrease in worklessness, both of which are key priorities for the Council. There has also been an improvement in other areas such as teenage conceptions, road safety and the numbers of 16 year olds in education or employment. However achievement in other areas is mixed such as:

- crime, where vehicle crime fell but burglary increased; and
- health where life expectancy improved but still remains at a low level compared with the rest of the country.

These areas are reflected well in Council and partnership future plans and strategies for improvement.

- 9 There has been an improvement in the percentage of people who are satisfied with the Council overall and in how well residents are kept informed. Both of these measures are now amongst the best when compared with other similar councils. There have also been improvements in resident satisfaction across a wide range of areas including recycling, transport, sports and leisure and libraries. However, whilst people's perceptions of anti-social behaviour have improved this is still higher than similar areas elsewhere in the country.
- 10 There has been good progress on improving services for hard to reach groups. This is reflected in an increase in childcare places, more adults and young people accessing training and more drug users accessing and continuing treatment. These are important areas that contribute to the Council's wider community priorities.
- 11 The Council has worked hard to make its services easier to access through the success of initiatives such as Halton Direct Link. This has led to an increase in the number of services accessed at a community level and the Council aims to increase this further by improved marketing of the facility. Service users rate this highly giving it a 93 per cent satisfaction rating.

The Council achieved level 2 of the equality standard in 2006 and there is a robust plan in place to achieve the higher levels of the equality standard with an emphasis on improving access to services and outcomes for local people. This is also reflected in the diverse make up of the Council's workforce which now generally reflects the community well.

Sustaining future improvements

- 12 The community strategy from 2006 provides a strong focus on the challenges the Council intends to address in terms of health, crime, jobs and skills, urban renewal and children and young people. This is supported by a clear range of measures to gauge the effectiveness of the Council and its partners in delivering improvements in the quality of life for local people up to 2011. The Council has also developed corporate priorities that clearly link to the community strategy priorities and are supported by specific targets of measure achievement. This demonstrates that the Council has a clear focus on both improving outcomes for the community and also on making itself more efficient.
- 13 Overall the Council is making good progress against the priorities set out in its corporate plan. For example the Council is working well in developing and implementing plans for urban renewal such as the Widnes Waterfront, development at Daresbury and the Mersey Gateway Bridge. There has also been good progress on implementing other plans and strategies. For example the Council has led on the development and implementation of the carers, supporting people strategy and procurement strategies. It has also and revised its private sector housing renewal strategy and generally responded well to previous reviews and inspections. The transfer of Council housing stock to the Halton Housing Trust was successfully completed during the year thus helping ensure that the decent homes targets can be met through additional investment. This is particularly important as some of this housing stock is in a poor condition.
- 14 The Council has invested in a number of areas in order to improve its capacity to sustain future improvements. In service areas this is reflected in the judgements of external inspectorates that there are promising prospects for improvement in adult services as well as strong prospects for improvement in children and young people's services. The Council is also aware that it needs to focus its improvement activities in specific areas such as in adoption services and mental health. It has also developed its arrangements for securing effective partnership working and setting clear priorities to steer future action. For example the recently agreed local area agreement has been designed to help tackle some deep-rooted issues such as health inequalities with a focus on smoking, alcohol and increased physical activity.
- 15 A sound approach to ensuring that the Council is more efficient is developing. A Board portfolio of Quality and Performance has been created with Business Efficiency at the heart of the role. A Business Efficiency Board has also been established as a committee of the Council to draw up an Efficiency Strategy. The aim of this new approach is to co-ordinate existing mechanisms for achieving efficiencies and VFM and to develop a more co-ordinated and targeted programme of efficiency reviews. The effective implementation of this will help the Council enhance its ability to deliver its plans and achieve its ambitions for the community.

Work of other Inspectorates

- 16 An important aspect of the role of the Relationship Manager is to work with other inspectorates and regulators who also review and report on the council's performance. Relationship Managers 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.

BFI (Benefits Fraud Inspectorate)

- 17 The BFI has gathered information from an evidenced self assessment submitted by the Council and from best Value performance Indicators and performance measures to enable to assess the Council's performance. The results of the BFI assessment are summarised in Table 3 below.

Table 3 Performance Standards scores

Theme	2006
Claims Administration	4
Security	4
User Focus	4
Resource Management	4
Overall Score	4 = (Excellent)

BFI Analysis 2006

- 18 The overall score of 4 from the BFI is used to determine the CPA score for 'Benefits' as shown in the CPA scorecard at Table 2 in this letter.

CSCI (Commission for Social Care Inspection)

- 19 CSCI's annual assessment of the Council's services for adults is as follows

Table 4 CSCI ratings

Star Rating	Serving Adults Well	Capacity to improve services
★★	Most	Promising

www.csci.org.uk

- 20 CSCI’s rating for the Council’s adult services is used to help determine the CPA score for ‘Social care (adults)’ as shown in the CPA scorecard at Table 2 in this letter.

Ofsted Office for Standards in Education (OFSTED)

- 21 OFSTED has worked jointly with CSCI in carrying out the annual assessment of the Council’s children’s services and have graded the Council as follows.

Table 5 OFTED ratings

Aspect of assessment	Grade awarded
The contribution of the Council’s children’s services in maintaining and improving outcomes for children and young people	3
The Council’s overall capacity to improve its services for children and young people:	3
The of contribution the Council’s social care services in maintaining and improving outcomes for children and young people	4

- 22 OFSTED’s ratings for the Council’s children’s services are used to help determine the CPA score for ‘Children and young people’ as shown in the CPA scorecard at Table 2 in this letter.

Financial management and value for money

23 As your appointed auditor I have reported separately to The Executive Board on 21 September 2006 on the issues arising from the 2005/06 audit and have provided:

- an unqualified opinion on your accounts; and
- a conclusion on your vfm arrangements to say that these arrangements are adequate.

We have also provided a report on the Best Value Performance Plan confirming that the Plan has been audited.

24 The findings of the auditor are an important component of the CPA framework described earlier in this letter. 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).

25 For the purposes of the CPA we have assessed the Council's arrangements for use of resources in these five areas as follows.

Table 6

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 Council has continued to strengthen its arrangements in connection with its use of resources and good practice is evident in a number of areas. The key features of our work along with improvement opportunities are summarised in Table 7 below.

Table 7 Use of resources: key features

Improvements achieved	Improvement opportunities remaining
Financial reporting	
<ul style="list-style-type: none"> Financial statements were produced well within the deadlines and were free from material errors. 	<ul style="list-style-type: none"> Make sure the public is more readily able to access to the financial statements in a variety of formats including Braille and audio and minority languages.
Financial management	
<ul style="list-style-type: none"> The budget setting process and monitoring of expenditure against budget have both improved. 	<ul style="list-style-type: none"> Include the financial impact of plans agreed jointly with partners within the medium-term financial strategy.
Financial standing	
<ul style="list-style-type: none"> Funds held by schools have been brought into line with school development plans. 	<ul style="list-style-type: none"> Set financial health and performance targets particularly for the delivery of the capital programme.
Internal control	
<ul style="list-style-type: none"> Risk management is being embedded across the Council's operations. 	<ul style="list-style-type: none"> Develop a partnership control framework that demonstrates that partnerships are: <ul style="list-style-type: none"> - an appropriate format for the activity undertaken; - are properly accountable; and - and have clear exit strategies on completion.
Value for money	
<ul style="list-style-type: none"> Areas of higher spending are generally in line with the Council's priorities and investment is resulting in improved services in some areas, particularly education. 	<ul style="list-style-type: none"> Develop whole-life costing techniques and an approach to assessing the impact of spending decisions on service users.

- 26 Two specific pieces of work that we carried out as part of our review of the Council's overall governance arrangements warrant particular mention:
- arrangements for collecting, recording, reporting and using performance information (data quality); and
 - the level of staff awareness of key risks and controls in the area of information and communications technology (ICT).

The key finding from these reviews are highlighted in the following paragraphs.

Data quality

- 27 Our review entailed:
- a completeness check to ensure that reported performance data distinguishes real change in performance from changes in the methodology used to calculate the performance indicators (PIs); and
 - a detailed spot check of the compilation and calculation of a sample of key PIs and the information systems used to provide the data for their calculation.

The need for good data quality is becoming increasingly important for Members to be able to be sure that planned improvements are being delivered. We found the Council's overall governance arrangements in this key area of activity to be adequate and identified some examples of good practice such as protocols for sharing data with external bodies. We also found that the internal reporting of performance is properly focused and includes qualitative as well as quantitative measures of performance.

- 28 Since the end of the financial year the governance arrangements have been strengthened still further by the creation of an Executive Board Portfolio for data quality and a clearer definition of senior officers' responsibilities for data quality.

ICT

- 29 Our survey of staff awareness showed that although there were positive responses in some areas overall there is scope for improvement, with many areas falling below the national average when compared to other authorities. Responses in relation to theft and private work, accessing unsuitable material and unlicensed software were positive. However key areas for improvement include:
- awareness of virus infection policies and procedures - due to the fully automated methods of protection, the majority of respondents were not aware that virus protection software is updated daily by the council centrally; nor were they aware how to report in the event of an outbreak however it is recognised that this has always been dealt with centrally;
 - awareness of measures to prevent unauthorised access - due to the use of remote monitoring solutions the majority of ICT staff did not know if security violations would be immediately reported;

- change control and business continuity awareness – the majority of respondents felt that such procedures were not well documented;
- awareness of anti-fraud policies and procedures - there was good awareness of physical security features and officers access is restricted to essential data and systems only. However the majority were not aware of the link to the Council's general anti-fraud policy and the ICT elements therein;
- asset register status – this confirmed the need for better links between the records of hardware, software and licences; and
- personal data and confidentiality arrangements - the majority of respondents showed good awareness of the physical security of data but many were not fully aware of the Council's data protection policies and procedures.

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Conclusion

- 30 This letter has been discussed and agreed with the Chief Executive and Strategic Director Corporate and Policy. A copy of the letter will be presented at the Executive Board in March 2007.
- 31 Further detailed findings, conclusions and recommendations on the areas covered by our audit are included in the reports issued to the Council during the year. These are listed in the following table.

Table 8 Reports issued since 2005 Annual Audit and Inspection letter

Report	Date of issue
Audit Plan 2005/06 Audit Plan 2006/07	May 2005 May 2006
Annual Governance Report	September 2006
Whole of Government Account Return: Auditor's Report	October 2006
Interim Report	November 2006
Final Accounts memo	November 2006
Data Quality: Management Arrangements Report	December 2006
Best Value Performance Plan : Auditor's Statutory Report	November 2006
Use of Resources report and Direction of Travel	January 2007 and February 2007 respectively
Your Business @ Risk ICT survey findings	November 2006

- 32 The Council has taken a positive and constructive approach to our audit and inspection. I would like to take this opportunity to express my appreciation for the council's assistance and co-operation.

Availability of this letter

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

Julian Farmer

District Auditor and Relationship Manager

March 2007