

Annual Audit and Inspection Letter

March 2008



# Annual Audit and Inspection Letter

Harlow District Council

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

### **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:

- prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission; and
- 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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## Key messages

- 1 This report provides an overall summary of the Audit Commission's assessment of the Council. The main messages for the Council included in this report are as follows.
  - Performance across a range of services is improving in Harlow and the Council is making progress in its priority areas. In the last year, 49 per cent of performance indicators have improved and 31 per cent of these are in the best performing 25 per cent of all district councils. Customer satisfaction has also improved in the last year.
  - The Council provides effective community leadership and is using partnerships effectively to increase its capacity to deliver its ambitions and priorities. There is a shared long-term vision for the town and the Council is focusing on the wider purpose of enabling services and improvement by working with partners to regenerate the town. The Council has clear corporate objectives for improvement, but not all of these are outcome based.
  - There are good arrangements in place to manage and improve value for money in the future and these are contributing to reducing costs of services, although these are still comparatively high.
  - The Comprehensive Performance Assessment inspection, which took place in 2007, assessed the Council as 'good'.
  - We issued an unqualified opinion on the Council's 2006/07 statement of accounts on 30 September 2007, but an 'except for qualification' was given on the value for money (VFM) conclusion because the Council had not put in place arrangements to maintain a sound system of internal control.
  - Whilst the Council's overall Use of Resources assessment has remained at level 2, it has improved in one of the five themes (financial management) and has improved its score in 3 out of the 11 individual areas assessed.

## Action needed by the Council

- 2 The Council should review its strategic and service plans to ensure that all actions have clear, challenging and measurable targets.
- 3 The Council needs to establish a systematic approach that takes into account the needs of all communities within the town.
- 4 The Council should strengthen its approach to performance monitoring and management arrangements.
- 5 The Council should continue to seek to control its costs and develop its understanding and arrangements for monitoring and reviewing its value for money.

- 6** Members and senior officers need to continue to actively manage corporate risks and monitor action plans developed by the Council to deliver recommendations made by auditors and inspectors.

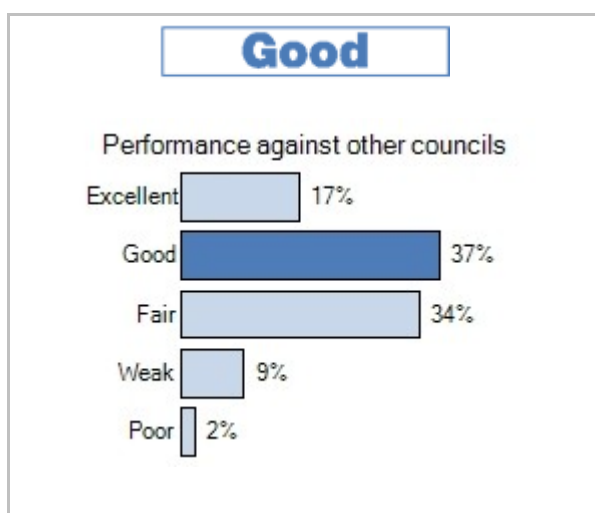
## Purpose, responsibilities and scope

- 7 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 2006/07 and from any inspections undertaken since the last Annual Audit and Inspection Letter.
- 8 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.
- 9 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](http://www.audit-commission.gov.uk). In addition the Council is planning to publish it on its website.
- 10 As your appointed auditor I am 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, I review and report 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.
- 11 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.
- 12 We have listed the reports issued to the Council relating to 2006/07 audit and inspection work at the end of this letter.

## How is Harlow District Council performing?

- 13 Harlow District Council was assessed as poor in 2004. Subsequently the Council addressed a range of the weaknesses identified in the report. It then applied for a recategorisation, which was accepted. A Corporate Assessment inspection took place during 2007 which found the Council to be 'good'. The following chart is the latest position across all district councils.

**Figure 1 Overall performance of district councils in CPA**



Source: Audit Commission

## The improvement since last year - our Direction of Travel report

### Summary

- 14 Harlow District Council has delivered performance improvement across a range of services in the last year, although not as fast as some other councils. It has made improvements in its priority areas. The Council is working actively with partners to improve services and outcomes for local people and there is a shared long-term vision for the town. The Council has improved access for its customers and takes account of the needs of most sections of the community. Value for money is showing signs of improvement.

- 15 The Council has clear priorities for improvement that are informed by the needs of local people, although not all of the objectives are outcome based. Performance management is improving, although not all systems are yet embedded. The Council is investing in its capacity to manage service improvement. The Council had forecast a £1.8 million overspend against the 2007/08 budget. It has taken action to address these issues and minimise the risk, but there is a residual risk that this may affect the Council's position for securing continuous improvement.

### **What evidence is there of the council improving outcomes?**

- 16 Between 2005/06 and 2006/07, the Council improved its performance in 49 per cent of an Audit Commission basket of indicators, which is below the average rate of improvement for all district councils (55 per cent). The Council had 31 per cent of these indicators in the best performing 25 per cent of all councils, which, although a slight improvement on the previous year, is still just below the average of 33 per cent for all district councils.
- 17 Customer satisfaction has improved in the last year. Overall satisfaction was only 45 per cent in the triennial survey carried out in 2006/07, placing the Council in the worse 25 per cent of all councils. However, a survey undertaken for the Council via the People's Panel in the autumn of 2007 showed overall satisfaction had risen to 58 per cent.
- 18 The Council is making progress against its priorities. Progress against its priority of a prosperous community is good. It is effective at new development and creating jobs. It has achieved some visible improvements such as regenerating the southern part of the town and has secured some significant investments through its Town Centre strategy. This development has set the standard for regenerating the rest of the town, and reinforced the perceptions of local people that Harlow is changing for the better.
- 19 With its partners, the Council has made good progress against its priority of decent affordable homes. It was the first in the region to implement a choice-based lettings scheme for its properties. This has led to a better matching of housing requirements to need. The number of empty properties has been reducing year on year since 2004. The Council saw its void turnaround times lengthen from 36 days in 2005/06 to 41 days in 2006/07 but has taken corrective action. Turnaround times were down to 34 days by the third quarter of 2007/08 (unaudited data). The Council is meeting its affordable housing target with 150 affordable homes acquired or completed in 2006/07, which is comparable with the best councils. Its non-decent homes rate has fallen from 18 to 14 per cent, and its performance in this area is well above average. The Council's approach to homelessness has led to it being recognised by Shelter as an exemplar. Better housing with more decent and affordable homes will improve the quality of life for tenants and residents of Harlow.
- 20 A Strategic Housing services inspection in October 2006 assessed the Council as providing a 'fair' service with 'excellent' prospects for improvement. The Council has developed and made progress against an action plan drawn up to respond to the inspectors' recommendations.

- 21** The Council has made progress in its priority of a caring community with a higher quality of life. It has achieved against its goals to maintain parks and open spaces to a high standard, to deliver its sports strategy, to work in partnership with the Youth Council (for which it has received a national award), to tackle social deprivation via benefits service improvement, and to improve programming and attendance at the Playhouse theatre. However, performance indicators are varied.
- 22** The Council has made some progress against some aspects of its priority of a clean, safe and sustainable environment. A range of initiatives have improved street cleanliness, for which Harlow is amongst the best performing 25 per cent of councils. However, although the Council met its national recycling and composting target for 2006/07 (18 per cent), Harlow is still in the worst 25 per cent of collection authorities for recycling. The Council is putting measures in place to improve recycling rates. Overall, the Environmental Services and Sustainability Inspection at Harlow (published August 2006), assessed the Council as providing a 'fair service' with 'excellent' prospects for improvement.
- 23** The Council is working actively with partners to promote safer communities. Improvements include reduced levels of domestic burglaries and fear of crime. Crime in Harlow reduced by 20 per cent between 2003/04 and 2005/06. The picture for 2006/07 is mixed, with violent crime and car theft continuing to fall, but domestic burglaries and robberies rising. However, unaudited data shows Harlow on track to achieve a further 5 per cent reduction in crime in 2007/08. In 2006, the Council launched the first RESPECT1 team nationally. The town has recently received Respect Action Area Status, backed by extra resources such as four Family Intervention Workers. These achievements are helping the Council work towards making Harlow a safer community.
- 24** The Council has worked closely with partners to improve services and outcomes for local people. For example, it has helped the Primary Care Trust recruit midwives to deliver specialist health care and advice. This has resulted in less low birth weight babies, a reduction in smoking during pregnancy, an increase in breast-feeding and increased home birth rates.
- 25** The Council provides effective community leadership. It has moved away from its previous focus on the role of service provider to focusing on the wider purpose of enabling services and improvement, for example by working with partners to regenerate the town. Stakeholders across all sectors are positive about the Council's commitment to and engagement in partnership working. Senior councillors and officers actively contribute to regional and national forums. For example, there has been cross-party support to influence positively the East of England plan and Harlow represents all Essex districts on the Regional Centre of Excellence board. Effective leadership will ensure that corporate and community objectives are delivered effectively.

- 26 The Council and its partners have a shared long-term vision for the town. The community plan, corporate plan and local area agreement are all linked, and include success measures to help enable the delivery of stretching ambitions for the area. The Council has led the local partnership in developing a Harlow-based LAA, setting relevant local targets that are more ambitious than the countywide LAA targets in service areas where Harlow faces greater challenges than other parts of Essex. The Council's joint working with its partners and other stakeholders ensures shared ownership of the ambition and coordination of resources.
- 27 The Council has improved access for its customers. The new Civic Centre provides a much more customer-friendly experience, with a single point of contact desk resolving 80 per cent of enquiries at the first point of contact, and with a lost call rate reducing month on month, with a target of 6.5 per cent. The Council has developed a Customer Care and Access Strategy, supported by a clear action plan, to improve corporate and service satisfaction. The Council has won a 'Silver' award for its community newspaper. Investment in ICT systems is resulting in improved services to local people. For example, website improvements include the introduction of online payments, frequently asked questions and links via the Essex library service. As a result, access to services has improved for residents.
- 28 The Council takes account of the needs of most sections of the community. It has established the 'Communities of Interest' forum where representatives of Harlow interest groups meet with senior officers and councillors. Positive outcomes to date have included working successfully with the Chinese community to develop a Chinese garden, and opening a youth café in the town centre. The Council has achieved Level 2 of the Equalities Standard, conducted equalities and diversity training for all staff and councillors, and is currently working with the 'Harlow Ethnic Minorities Umbrella' to ensure a systematic approach to implementing equality impact assessments. However, the Council acknowledges that because it has not completed equality impact assessments for all policies and services, it cannot demonstrate its services are meeting the needs of all sections of the community.
- 29 Consultation with residents, stakeholders and partners has informed the Council's ambitions. A Community Engagement and Communication Strategy provides the framework for this engagement. Extensive consultation includes an annual community survey, feedback from the Council's 1,000-strong Citizens' Panel, a communities' forum, town-wide stakeholders meetings and a youth council. The Council is effective in engaging with its largest black and minority ethnic (BME) groups but acknowledges that it needs to have a more systematic approach to engaging with all groups at risk of disadvantage. The consultation methods used help to ensure that the Council's ambitions match the aspirations of the local community.
- 30 Value for money is showing signs of improvement. The Council's arrangements for securing value for money are adequate. However, costs, although reducing, are still comparatively high.

- 31 The Council has put good arrangements in place to manage and improve value for money in the future. It has developed tools to help it understand and compare its costs. Councillors, senior managers and service managers are now more aware of the need to manage costs alongside quality of services and responding to local needs. Councillors focus on challenging budgets to ensure they meet corporate priorities. The Council is working in partnership to reduce costs and improve performance. Value for money is now more systematically included in strategies, plans and performance reporting and embedded across all service areas. The Council has strengthened procurement processes, and there are good examples of collaborative and partnership working to achieve efficiency savings and improve services such as the Kier Harlow joint venture company. However there is not yet systematic reporting of cost to performance analysis. Arrangements to improve value for money are contributing to reducing costs of services, although these are still comparatively high.

### **How much progress is being made to implement improvement plans to sustain future improvements?**

- 32 The Council has clear priorities for improvement that are informed by the needs of local people. The Council allocates its resources according to priorities and it has moved expenditure to areas of high priority from low priority areas. Robust strategies are in place for delivering priorities. Through this approach, the Council should be able improve the services that matter most to local people.
- 33 Although corporate objectives for improvement are clear, not all of these are outcome based. Most corporate objectives relate directly to outcomes affecting quality of life, for example those relating to speed of processing benefit claims, reducing crime, and improving public satisfaction. However, some targets are expressed in terms of outputs rather than outcomes, such as targets to develop various strategies. There is, however, a sharper focus on service users in the corporate plan for 2006/2011, which includes targets relating to service specific public satisfaction. Additionally, the Council is in the process of CPA improvement planning, through which it intends developing more long term, outcome focussed targets. If targets are not clearly focused on measurable outcomes, stakeholders and residents cannot see whether the Council is actually succeeding in improving their quality of life.
- 34 The Council has put in place a performance management framework that clearly identifies roles for both officers and councillors. The system is becoming embedded, both for target setting and for recording performance. Work is underway to improve the balanced scorecard and to improve understanding and use of the system by teams across the whole Council. There have been recent improvements to the appraisal process. Improved systems will help the Council to ensure it is focusing on improving performance.

- 35 The Council is investing in its capacity to manage service improvement. It takes a strategic approach to workforce planning. It has revised its management structure and effectively used the capacity building fund to improve key services. There has been a significant cultural shift within the Council, resulting in a 'can do' attitude at all levels of the organisation. The Council has used the 'Organisational and Cultural Change and Learning Strategy' to develop an inclusive culture and appropriate behaviours. The Council has agreed the next stage of this work through the introduction of its People's Strategy in July 2007. This includes a rigorous approach to reducing sickness levels, which are currently below average at ten days. The Council's strategic approach to senior management recruitment has increased its capacity, and ensured it has the necessary skills and knowledge in its existing workforce to deliver its plans.
- 36 The Council is investing effectively in councillor and officer development. Political and managerial leadership is widely respected, and promotes a culture of openness and support which recognises innovation and learning. Relationships between councillors and officers have become effective, based on mutual respect and trust. There is significant investment in the development of councillors and the political leadership of the Council, including a peer mentoring programme. The Council has a comprehensive management development programme in place, ensuring it has capable and competent officers. This investment ensures that both councillors and officers have the necessary skills and development to deliver its plans.
- 37 The Council uses partnerships effectively to increase its capacity to deliver its ambitions and priorities. It expects its joint venture with its strategic partner Kier Harlow to save £12 million over seven years. It has worked closely with the County Council to improve educational attainment levels in local schools. Its partnership with the Countryside Agency and the Groundwork Trust has secured £1 million funding for a range of green spaces projects. The Council's good use of partnerships is successfully increasing its capacity to deliver its priorities.
- 38 The Council had forecast a £1.8 million overspend against the 2007/08 budget. The reasons for this are in part due to external pressures, such as the removal of income from the Local Authority Business Growth Incentive, additional interest costs and increased concessionary travel costs. The Council has taken actions to address these issues and has sought to maintain its overall financial position by reducing costs and utilising reserves, whilst maintaining them above the minimum level recommended in the Council's medium term financial strategy. There is a risk that this may affect the Council's position for securing continuous improvement or prevent improvement levels being sustained. The Council has however responded to these financial pressures by making a commitment to set a balanced budget for 2008/09 and to continue to improve performance within available resources.
- 39 The Council's arrangements to maintain a sound system of internal control are adequate. The arrangements for identifying and evaluating of risks have improved although more evidence should be maintained of the actions being taken to mitigate the risks. Scrutiny arrangements, financial management and internal audit have all been strengthened.

## Performance Management Review

- 40 The Council had made good progress in improving its performance management arrangements. Each of the issues highlighted in previous reports had been addressed effectively excepting the staff appraisal system where deficiencies still existed at the time of the work. This work was subsequently followed up as part of the Corporate Assessment inspection.

## Health Inequalities in Essex audit

- 41 The purpose of this audit was to assess current arrangements across Essex to reduce health inequalities; and examine future plans to improve life chances and reduce health inequalities. The audit involved all local authorities and PCTs in Essex, as well as the Fire and Rescue Service. As well as a document review, interviews and a survey, the audit included action planning workshops, involving representatives of all the audited bodies. The main conclusions were then shared with Essex public services Chief Executives.
- 42 The audit identified four main areas to be addressed:
- strategic approach;
  - information and joint planning;
  - delivery and monitoring performance; and
  - political involvement.
- 43 Partners recognised that a range of approaches to health inequalities is likely to be the most effective. Many health inequalities are local issues, needing local solutions. However, without a common overall strategic approach, with agreed local and Essex-wide priorities and a shared view of the importance of the agenda, joint planning will remain problematic, accountability unclear and difficult to performance manage.
- 44 Elected members need to have information and an understanding of the issues involved in health inequalities in order to provide the necessary political leadership. Elected members will need to make difficult political decisions on the focus and allocation of resources.

## Local Area Agreement

- 45 As part of the 2006/07 plan we agreed to undertake a piece of work to look at the effectiveness and governance arrangements of the LAA across Essex.
- 46 Local Area Agreements (LAAs) are three year agreements which set out the priorities for a local area agreed between central government and a local area. The local area is represented by the local authorities, PCTs, Fire and Police services, the Learning and Skills Council, Local Strategic Partnerships and other local partners including the community and voluntary sector. LAAs are based on delivering national outcomes in a way that reflects local priorities.

## 14 Annual Audit and Inspection Letter | How is Harlow District Council performing?

- 47 The first Essex LAA was published in March 2006. It set fourteen priorities. The aim was to focus on the needs of identified groups of service users and residents in a way that would lead to a step-change in the collective effectiveness of the whole public sector in Essex, particularly through more joint working between agencies at the front line.
- 48 As the LAA is being revised in line with recent Government guidance, including the new national indicator set we have agreed to delay this work pending the new arrangements being put in place. Partners are seeking to use the opportunity to develop a more inclusive and effective approach that better reflects local priorities and the diverse needs of Essex. The revised targets will be based on the Joint Strategic Needs Assessment. It is due to be published as LAA2 in June 2008.

## The audit of the accounts and value for money

- 49 As your appointed auditor I have reported separately to the Policy and Resources Committee on the issues arising from our 2006/07 audit and have issued:
- my audit report, providing an unqualified opinion on your accounts and a qualified conclusion on your vfm arrangements to say that these arrangements are adequate except that the Council did not put in place arrangements to maintain a sound system of internal control, on 27 September 2007; and
  - my report on the Best Value Performance Plan confirming that the Plan has been audited.

### Use of Resources

- 50 The findings of the auditor 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).
- 51 For the purposes of the CPA we have assessed the Council's arrangements for use of resources in these five areas as follows.

**Table 1**

<b>Element</b>	<b>Assessment</b>
Financial reporting	3 out of 4
Financial management	3 out of 4
Financial standing	2 out of 4
Internal control	2 out of 4
Value for money	2 out of 4
<b>Overall assessment of the Audit Commission</b>	<b>2 out of 4</b>

*(Note: 1 = lowest and 4 = highest)*

### **The key issues arising from the audit**

- 52** Whilst the Council's overall Use of Resources assessment has remained at level 2, it has improved in one of the five themes (financial management) and has improved its score in 3 out of the 11 individual areas assessed.
- 53** The key issues arising from the audit and future actions as a result, as reflected in the above judgements where appropriate, are as follows.
- The accounts submitted for audit presented fairly and no non-trivial errors were identified. An explanatory report was presented with the draft accounts to members and a few minor amendments were made. The amended draft accounts were submitted to us by the agreed deadline.
  - A balanced budget was set based on reasonable assumptions, taking account of known changes and linking to service plans and the medium term financial strategy (MTFS), with planned use of reserves for one-off items of expenditure. The level of reserves required is set out in the MTFS. This strategy is reflected in the 2006/07 budget setting report that sets out the impact of the budget on the reserve levels. During 2006/07, reserves were maintained within the reserves policy set out in the MTFS.
  - There was an adequate system of budgetary control in place during 2006/07 and budget monitoring operates to identify potential overspends at an early stage. There is a focus on high value and high risk areas and material variances trigger appropriate actions that are then monitored. In 2006/07 there were no material variances in any one department and all predicted overspends were managed so that the final outturn showed only a small overspend.
  - The risk management strategy was updated in February 2007 and covers corporate and operational risks, an assessment of the risks, mitigating controls and allocation of responsibility. Risks are identified in a register of corporate risks and senior managers have risk mitigation targets built into their personal development plans. However there was little evidence of any action plans or the actions being taken to mitigate the risks.

- Arrangements are now in place for reviewing the Statement of Internal Control (SIC) and a Head of Internal Audit Opinion was produced which underpins the SIC. However there was little evidence that this had been scrutinised by the relevant committee and there was a lack of clarity as to how the review of effectiveness is to be carried out.
- Costs, although reducing, are still high. However, unapportioned central costs are very low and there are some external factors that partly account for high costs. The Council has also developed a number of processes to support and deliver VFM and identify unintended high spending and it has made some progress in addressing these areas.
- Efficiency targets are set, savings and efficiency progress are reported quarterly and these are monitored by members, with action plans in place to tackle underachievement against individual service targets. The Council exceeded its efficiency target for 2006/07, identifying additional savings in year which exceeded shortfalls on some of the original planned savings.

**54** The key issues for improvement arising from the audit include:

- the Council's policy for reserves and balances and the overall reserves level should be reviewed and based on a thorough understanding of its needs and risks;
- Internal audit should take a proactive role in counter fraud and corruption work and ensure that the NFI data matching exercise is completed in a timely manner;
- in order to support the SIC, the Council should conduct a thorough annual review of the effectiveness of the system of internal control and maintain evidence that corporate risks are being actively managed and action plans are monitored; and
- the Council should continue to seek to control its costs and develop its understanding and arrangements for monitoring and reviewing its value for money.

**55** I am aware that the Council reported a potential budget overspend for 2007/08 to the Policy and Resources Committee in December 2007. The Council has taken a range of measures to reduce the overspend and mitigate its impact. The final outturn position for 2007/08 will be reported in due course and this will be reflected in my audit of the Council's financial statements for 2007/08 and also my Use of Resources Assessment for 2008.

## Looking ahead

- 56** The public service inspectorates are currently developing 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.
- 57** CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate annual area risk assessment and reporting performance on the new national indicator set, together with a joint inspectorate annual direction of travel assessment and an annual use of resources assessment. The auditors' use of resources judgements will therefore continue, but their scope will be widened to cover issues such as commissioning and the sustainable use of resources.
- 58** 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 Local Area Agreements.

## Closing remarks

- 59 This letter has been discussed and agreed with the Chief Executive. A copy of the letter will be presented at the appropriate committee as soon as possible. Copies will be circulated to all members by 31 March 2008.
- 60 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 2      Reports issued**

Report	Date of issue
Audit and inspection plan	March 2006
Interim audit memorandum	May 2007
Annual Governance Report	September 2007
Opinion on financial statements	September 2007
Value for money conclusion	September 2007
Final accounts memorandum (draft)	November 2007
Corporate Assessment Report	November 2007
Annual audit and inspection letter	March 2008

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

## Availability of this letter

- 62 This letter will be published on the Audit Commission's website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk), and also on the Council's website.

**Ian Davidson**  
**Relationship Manager**

31 March 2008