

Annual Audit and Inspection Letter

Barrow-in-Furness Borough Council

Audit 2008-2009

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.
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Key messages

- 1 During 2007/08 the Council has improved services in areas that it has identified as key priorities. This includes supporting economic regeneration, housing market renewal, tackling worklessness, street cleanliness and environmental improvements and facilities and activities for young people. The Council's overall rate of improvement in the last year was slightly below average compared to other councils.
- 2 A Benefits Service inspection undertaken by the Audit Commission in 2008 found that the service was poor with poor prospects for improvement. The Council needs to focus on improving the performance of the Benefits Service to provide a better service to the people of Barrow.
- 3 The Council is making a positive contribution to wider community outcomes in a number of areas, including supporting the development of new social and private housing, improving community safety, and improving the energy efficiency of its own accommodation and private sector housing.
- 4 The Council has carried out initiatives to improve the health of residents with partners. Organisations in Cumbria have a strong commitment to tackling health inequalities and an increasing focus on collaborative action but there remains a need for clarity as to what, and how, current and future initiatives across partners will contribute to a reduction of health inequalities across Cumbria.
- 5 The Council has identified key priorities and associated objectives for 2008-2011 but generally it is difficult to identify intended, quantified outcomes. As a result it is not always clear that objectives and targets are challenging and how performance and progress will be monitored.
- 6 The Council has yet to implement a new pay and grading system that meets equality standards. The Council also needs to develop a workforce strategy which supports the Council's stated priorities and which considers efficiencies that could be made through providing services jointly with other Cumbrian authorities.
- 7 We issued an unqualified opinion on the Council's accounts and an unqualified value for money conclusion on 24 September 2008.
- 8 Overall the Council continues to have adequate arrangements in place to manage its use of resources. Under the use of resources assessment from 2009 onwards the Council needs to be able to demonstrate that these arrangements have led to better outcomes for the people of Barrow-in-Furness.

Action needed by the Council

- 9 The national economic downturn will increase the pressures on all councils in 2009. The Council should proactively manage its finances and other resources to deal with these pressures, particularly where costs and demands for services are increasing.
- 10 The continuing actions for the Council which relate to members' responsibilities include the need to:
 - continue to monitor the performance of the housing benefit service, and fully implement the action plan to improve performance in line with challenging targets;
 - strengthen the arrangements for ensuring appropriate use of resources. This should consider the requirements of the new use of resources assessment to be in place from 2008/09, which will review arrangements against new and more challenging criteria;
 - ensure that service plans identify clear targets and that action plans are measurable;
 - consider areas where services and functions could be better delivered through shared services;
 - agree specific actions and objectives across partners to address the objective of reducing health inequalities across Cumbria;
 - ensure that business planning identifies actions, timescales and outcomes to measure progress against identified priorities;
 - monitor the implementation of a new pay and grading system; and
 - develop a workforce strategy designed to deliver the Council's key aims and objectives.

Purpose, responsibilities and scope

- 11 This letter 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.
- 12 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.
- 13 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).
- 14 The 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, the 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.
- 15 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.
- 16 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 Barrow-in-Furness Borough Council performing?

17 Barrow-in-Furness Borough Council was assessed as Fair in the Comprehensive Performance Assessment carried out in 2003. These assessments have been completed in all district councils and we are now updating these assessments, through an updated corporate assessment, in councils where there is evidence of change. The following chart is the latest position across all district councils.

Table 1 Overall performance of district councils in CPA



Source: Audit Commission

The improvement since last year - our Direction of Travel report

18 Barrow-in-Furness Borough Council has improved services many of the areas that it has identified as priorities. The Council's overall rate of improvement last year was slightly below average compared to other councils. In 2007/08, out of 58 national service performance indicators 34 improved or maintained maximum performance and 24 deteriorated or did not improve. Comparative performances shows that a higher proportion of indicators were amongst the best 25 per cent in 2007/08 compared with the previous year (17 indicators, compared with 13 in 2006/07) and a lower proportion were amongst the worst 25 per cent in 2007/08 (18 indicators, compared with 23 in 2006/07).

How is Barrow-in-Furness Borough Council performing?

Improvement in priority areas

- 19 The Council has improved services in areas that it has identified as priorities and the public say are important to their communities. It is making progress with its aim to enhance the economic and social future of the borough to meet the needs and aspirations of the community and with its six key priorities (2007/08 and 2008/09).

Creating a safer, cleaner, greener borough

- 20 A safer, cleaner borough is demonstrated by improved street cleanliness (particularly in disadvantaged areas) and less fly-tipping, a Green Flag for Barrow Park and less crime. Environmental improvements include supporting the local community in transforming derelict wasteland on Marsh Street into an attractive public space.

Meeting the borough's housing needs

- 21 Good progress has been made on meeting the borough's housing needs with the continuing delivery of the housing market renewal programme. The quality of public and private sector housing has improved - the percentage of local authority homes which meet the decent homes standard is amongst the best 25 per cent of councils.

Supporting economic regeneration

- 22 The Council's support for economic and rural regeneration and tackling worklessness has resulted in additional workspace - including a Cultural Business Centre and an Entrepreneur Centre - with 512 jobs created, 45 jobs safeguarded, fewer Job Seekers Allowance and Incapacity Benefit claimants and support for the long-term unemployed.

Expanding facilities for younger people

- 23 The Council has expanded activities for young people such as multi-use games areas and summer sports programmes. Engaging young people is a key element of neighbourhood management in the most deprived areas. A Respect Street Soccer project has been highlighted as best practice. Young people are benefiting from improved sports and leisure facilities demonstrated by a 16 per cent increase in ticket sales at the Forum Twenty Eight arts and entertainment centre.

Improving access to services

- 24 Access to services has improved for groups of citizens, including vulnerable users, but overall progress has been mixed. Neighborhood management has improved access in the borough's most deprived wards with public services jointly located. Reduced and frozen charges at the Park Leisure Centre, which has been refurbished, are encouraging increased participation in sports activities. The Council's website has been enhanced with more on-line services and e-payment facilities. The percentage of abandoned telephone calls from users has reduced from 14 per cent to 10 per cent but is still high.

Improving the efficiency and effectiveness of the Council

- 25 A Benefits Service inspection undertaken by the Audit Commission in 2008 found that the service was poor with poor prospects for improvement. Further details on the findings of this inspection are included in the service inspections section of this letter.

How is Barrow-in-Furness Borough Council performing?

- 26 A number of other areas highlighted for development by the Audit Commission following inspections in 2004 and 2007 have not been progressed. The Council remains at level 1 of the Equality Standard for Local Government whereas the majority of councils are at level 2 or above. It has conducted equality impact assessments on only two of its services. As such it has not completed the equality action process for employment and service delivery that would help to ensure and demonstrate fair access for all communities. The Council was also amongst the worst 25 per cent for its score on the duty to promote race equality.
- 27 Improvements are also needed to the time taken to re-let local authority housing. The Council's performance on recycling/composting, although increasing, is comparatively worse than most other councils and has not significantly reduced the amount of household waste collected and sent to landfill.
- 28 The Council is making a positive contribution towards wider community outcomes by, for example:
- assembling and releasing land to develop new social and private housing;
 - supporting other agencies to tackle health inequalities through anti-smoking initiatives and raising awareness about alcohol and drug misuse;
 - helping to improve community safety through the Streetsafe scheme and by working with pub landlords; and
 - reducing energy consumption in its own buildings and improving the thermal efficiency of private sector homes.

Value for Money

- 29 Further efficiency gains in 2007/08 of £596,780 (£160,780 cashable) - due to revised payment collections, staff restructuring, job creation, renegotiation of the electricity and gas contracts and increased uptake of the holiday purchase scheme - mean that the Council has exceeded its three-year targets. Other initiatives include action to reduce energy consumption in its buildings, which has contributed to energy efficiency savings valued at £100,000 and new contractual arrangements to ensure that tenants with a disability receive home adaptations more quickly and efficiently.

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

- 30 The Council has a range of improvement plans that are linked to its priorities. These plans include: the Waterfront project; working with partners to progress the Health Improvement and Health Inequalities Strategy 2008-2010 Action Plan; meeting the housing needs of the borough through; developing services for victims of domestic violence and for 'frail elderly' users; children's play facilities; and kerbside collection of card and plastics and restricting residual waste to achieve a challenging recycling/composting target of 34 per cent by 2010.
- 31 In 2008 the Furness Partnership, including the Council, adopted a refreshed Sustainable Community Strategy (SCS) for Barrow and Furness. The SCS sets out a vision for the borough and eight key priorities that link to the Cumbria Local Area Agreement and national and local Indicators.

How is Barrow-in-Furness Borough Council performing?

- 32** The Council has its own key priorities and associated objectives for 2008-2011 but generally they do not identify intended, quantified outcomes. As a result it is not always clear that objectives and targets are challenging and how performance and progress will be monitored. For example, the Corporate Business Plan contains a description of services, resources and key issues but does not include actions, timescales and outcomes. The new Use of Resources assessment emphasises the importance of outcomes, rather than processes and procedures.
- 33** Implementation of improvement planning is variable, with not all key objectives and milestones being achieved. In 2007/08 the Council achieved its targets against 13 out of 22 best value indicators that monitor progress against its key priorities but performance against the other 9 was below target. It met or exceeded its targets in the Local Area Agreement (2007/08). During 2008/09, 17 of the priority indicators performance have improved.
- 34** Adequate arrangements are in place to monitor performance with progress against actions and targets reported by exception to the Management Board, Executive Committee and Overview and Scrutiny Committee. An Audit Committee the implementation by management of internal and external audit recommendations. The Executive Committee is responsible for monitoring financial performance. Management arrangements for ensuring data quality meet minimum requirements. The Overview and Scrutiny Committee is effective at reviewing and stimulating improvements in services such as bulk waste collection and play facilities.
- 35** Overall the Council has the capacity to deliver its plans but resources in particular areas limit the rate of progress. Days lost to sickness per employee improved marginally in 2007/08 but were still worse than the median. The number of lost days between April and September 2008 was worse than the corresponding period in 2007.
- 36** Capacity is enhanced through a range of partnerships with third sector and voluntary community based groups, social housing providers and to facilitate regeneration. Service Legal Agreements with partners, including the Cumbria Disability Network, will assist the Council in equality impact assessments to monitor progress against the Equality Standard for Local Government. A health promotion officer and youth sports officer will enable more focus on improving the well-being of target groups.
- 37** The Council has successfully attracted external funding to support housing market renewal, accommodation for elderly and frail residents, waste minimisation and recycling. The Council's catering partner has contributed to the refurbishment of Forum 28, the Dock Museum and the Park Leisure Centre. External funding for the successful neighbourhood management programme will expire in 2010 with key decisions about future provision yet to be made.
- 38** The Council has arrangements in place for securing continuous improvement or failures in corporate governance with no significant weaknesses identified that would prevent improvement levels being sustained. It has strengthened its risk management policies and procedures. Overview and Scrutiny Committees are now aligned to the Council's Directorates to focus more effectively on the achievement of the Council's priorities.

- 39 Arrangements to promote and ensure probity and propriety in the conduct of the Council's business have been enhanced by establishing an Audit Committee and a Local Code of Corporate Governance. The Standards Committee has received an increased number of complaints against elected members - 12 complaints about the Council were made to the Local Government Ombudsman in 2007/08, compared with 9 in 2006/07 and 23 in 2005/06. Planning complaints have reduced from 11 in 2005/06 to 1 in 2007/08.

Service inspections

Benefits Service Inspection

- 40 The government's inspection and assessment of housing and council tax benefits has transferred from the Benefit Fraud Inspectorate (BFI) to the Audit Commission as a result of proposals in the Local Government White Paper of 2006.
- 41 During 2008 the Benefits Service at Barrow-in-Furness Borough Council was inspected. The inspection found that the service is poor with poor prospects for improvement. The key findings of the report were as follows.
- The current service is not dealing promptly with benefit claims and changes. Overall performance in this area is falling behind that of other councils and is comparatively poor. Customers had to wait an average of 17 days for their changes to be processed in 2006/07 with the annual figure in 2007/08 showing no improvement.
 - The service is not designed around customer needs. Staff have good individual approaches to customer care. However, the Council has not ensured easy access or support from the service or its partners for all customers and potential customers. Benefits take-up is not sufficiently promoted.
 - The Service has high comparative costs. The service contract has been in place since 1998 and in 2005 was further extended to 2018. This was not subjected to open competition nor supported by a robust business case. The Council cannot demonstrate that it achieved best value from this procurement decision.
 - It achieved comparatively low customer satisfaction levels in 2006/07. Below average performance and satisfaction with high comparative costs mean that the service is not demonstrating value for money.
 - The Council did not have a clear focus for its Benefits Service, improvement plans did not address all key weaknesses and only aimed for performance that was below the national average in key areas.
- 42 The inspection also found:
- the service takes effective action on preventing and dealing with fraud and delivered a good level of counter fraud sanctions in 2007/08;
 - benefits staff are knowledgeable and helpful;
 - there is good proactive support and advice for people who are council tenants; and

How is Barrow-in-Furness Borough Council performing?

- delivery of the service through the external contract has brought new jobs to the Borough.

43 The inspectors made a number of recommendations including:

- strengthening the Council's performance management by developing a clear vision for improvement of the Benefits Service, service standards, and a greater understanding of the Service among councillors and senior officials;
- improving performance management arrangements for the Service by undertaking systematic benchmarking of costs and performance, setting challenging targets and improving the reporting of performance;
- improving value for money by dealing with claims more quickly and increasing the level of benefit take up; and
- improving the access to the service.

44 In response to the inspection the Council has drawn up and begun to implement an improvement plan.

Health inequalities

45 A cross cutting review of health inequalities (HI) was completed during 2007/08 involving local government and health organisations. This is a key issue for Cumbria as overall approximately 16 per cent of the Cumbrian population lives in areas which are officially rated as among the most deprived in the country. Deprivation results in, amongst other things, significantly greater levels of ill health. Life expectancy between affluent areas of Cumbria and deprived communities varies by as much 19.5 years. The burden of ill health also falls unevenly across communities with increased prevalence of heart disease, respiratory disease and other health problems in the most deprived parts of the county.

46 The conclusions of the report were as follows.

- Organisations in Cumbria have a strong commitment to tackling health inequalities and an increasing focus on collaborative action.
- The Director for Public Health (DPH) provides high profile leadership and his team is now explicitly influencing strategic priorities and commissioning decisions across both councils and NHS partners.
- Councils and the PCT have access to robust public health data and progress is being made on developing health needs analysis that is shared and helps address health inequalities.
- There has been systematic engagement with the voluntary sector, the public and local community groups evident in the work with Action for Health. This approach needs to be extended as part of the work within other partnerships. The PCT, councils and others also need to further increase the involvement of their existing workforces more in promoting and tackling the health inequalities agenda.

How is Barrow-in-Furness Borough Council performing?

- There is scope for organisations to deliver more impact on local health through their own policies and processes in areas such as employment and skills, transport, recruitment, procurement, community engagement, facilities management and construction.
 - There remains a need for clarity as to what and how current and future initiatives across partners will contribute to a reduction of health inequalities in Cumbria. Senior public health managers are promoting a mainstreaming approach to HI, as distinct from a specific strategy, but this will require careful management if planned outcomes are to be achieved.
- 47 The next stage is for partners to agree specific actions and objectives and to systematically embed these into key thematic strategies. Recent changes to the Cumbria Strategic Partnership (CSP) should improve the governance and effectiveness of health inequalities arrangements at this level. This will build on the good work on the county wide scrutiny committee for health and wellbeing.

The audit of the accounts and value for money

- 48 The appointed auditor has reported separately to the Audit Committee on the issues arising from our 2007/08 audit and has issued an audit report, providing:
- an unqualified opinion on your accounts;
 - a conclusion on your value for money arrangements to say that these arrangements are adequate; and
 - a report on the Best Value Performance Plan confirming that the Plan has been audited.
- 49 The opinion and the value for money conclusion were issued on 24 September 2008.

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 your auditor has assessed the Council's arrangements for use of resources in these five areas as follows.

Table 2

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

Note: 1 – lowest, 4 = highest

52 The Council's arrangements remain adequate overall.

53 From 2008/09, the auditors' assessment of use of resources will be based on new key lines of enquiry and will form part of the new performance assessment framework for local government and its partners.

54 The new assessment focuses on outcomes and outputs rather than the processes in place. Therefore the Council will need to evidence how improved outcomes for the people of Barrow have been delivered.

Data Quality

55 Our review of the Council's data quality arrangements confirmed that requirements are met and data. Strong areas identified are:

- senior managers are taking the lead in managing data quality;
- adequate performance information data collection systems are in place;
- there is a suitably skilled officer taking a corporate role; and
- performance information is used effectively as part of the corporate management of services.

56 Further improvements are needed to improve the quality of data:

- reviewing the data quality policy to ensure that it covers all elements of;
- ensuring performance data from third parties is of adequate quality; and
- providing guidance and training in service areas.

Looking ahead

- 57** 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.
- 58** 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.
- 59** 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.

Closing remarks

- 60 This letter has been discussed and agreed with the Borough Treasurer. A copy of the letter will be presented at the audit committee on 18 March 2009. Copies need to be provided to all Council members.
- 61 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	March 2007
Annual Governance Report	September 2008
Opinion on financial statements	September 2008
Value for money conclusion	September 2008
Health Inequalities	October 2008
Benefits Inspection	February 2009
Data Quality	February 2009
Annual audit and inspection letter	March 2009

- 62 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.

Availability of this letter

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

**David Hoole, Comprehensive Area Assessment Lead and
Gina Martlew, Appointed Auditor**

March 2009

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For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 0844 798 1212 Fax: 0844 798 2945 Textphone (minicom): 0844 798 2946

www.audit-commission.gov.uk
