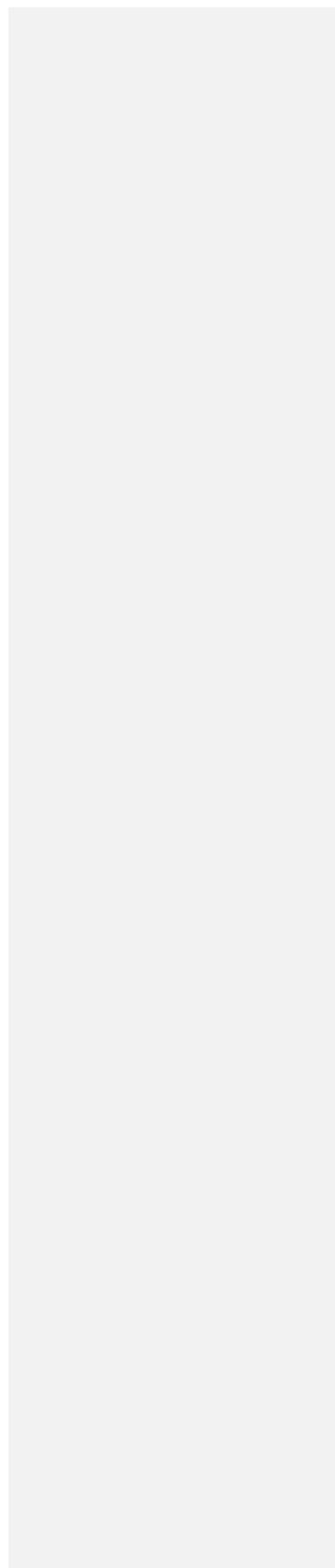


Annual Audit and Inspection Letter

Ribble Valley Borough Council

Audit 2007/08

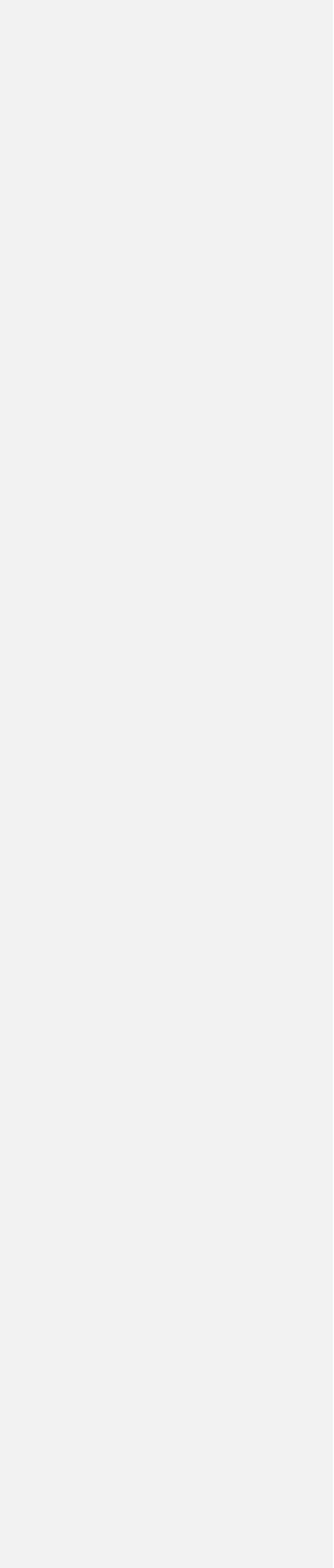
March 2009



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Key messages

- 1 The Council increased its CPA rating from fair to good following a corporate assessment inspection reported in May 2008. The inspection team noted in particular improvements in waste management and community safety. Ribble Valley is now one of the safest places in England and Wales.
- 2 Residents have very high levels of satisfaction both with the Council and with Ribble Valley as a place to live and work.
- 3 The Council continues to provide good value for the money it spends and is well placed to deal with increased pressures on some services resulting from the national economic downturn.
- 4 The Council has developed its community leadership role through its contribution and support for the Local Strategic Partnership and its involvement in the Multi Area Agreement for Pennine Lancashire.
- 5 The audit judgement for Use of Resources remains at level 3 which equates to good performance overall.
- 6 The Council's approach to equality and diversity continues to be underdeveloped. Ribble Valley is one of only 14 per cent of councils nationally still to progress beyond Level 1 of the Local Government Equality Standard.
- 7 The level of health inequalities across Lancashire remains a concern despite recent improvements to various organisational structures and partnership arrangements within the county. The Council is contributing to various initiatives with NHS partners in order to address health concerns.

Action needed by the Council

- 8 The Council should continue to explore opportunities for further efficiencies through shared services or other partnership activities with other councils and public service providers in Lancashire.
- 9 The Council should build on recent improvements in partnership working by developing with partners a comprehensive approach to performance management.
- 10 The Council should ensure that it works closely with NHS trusts and other key partners across the borough in order to ensure that health initiatives are effectively co-ordinated and deliver outcomes.
- 11 2009 is proving to be a difficult year for all councils due to the national economic downturn. Pressures will increase further as the recession starts to bite. The Council should proactively manage its finances and other resources to deal with these pressures, particularly where costs and demands for services are increasing.
- 12 The Council should prepare for the introduction of Comprehensive Area Assessment framework.

Purpose, responsibilities and scope

- 13 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.
- 14 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.
- 15 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).
- 16 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, 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.
- 17 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.
- 18 We have listed the reports issued to the Council relating to 2007/08 audit and inspection work at the end of this letter.

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How is Ribble Valley Council performing?

How is Ribble Valley Council performing?

19 Ribble Valley Borough Council was assessed as GOOD in the Comprehensive Performance Assessment carried out in 2008. 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.

Figure 1 Overall performance of district councils in CPA



Source: Audit Commission

The improvement since last year - our Direction of Travel report

Improving outcomes

20 The Council continues to deliver good improvements in priority services such as waste management and is contributing well to wider outcomes, for example making the Ribble Valley a safer place to live and matching the supply of homes with identified housing needs. Levels of satisfaction with both the Council and the area as a place to live remain high. Results from the 2008 Place Survey show overall satisfaction with the Council has fallen to 59 per cent but still remains the best in Lancashire, whilst satisfaction with Ribble Valley as an area to live has increased to 94 per cent.

How is Ribble Valley Council performing?

- 21 The Council is making steady progress against its aim of providing efficient services based upon identified customer needs. Research has been commissioned in relation to supporting market town regeneration and encouraging economic activity. The Council has identified a need to improve the economy for local people through redeveloping Clitheroe town centre and securing additional employment land. Progress in these areas is at an early stage. External funding has been obtained in association with Pennine Lancashire partners to support rural economic activity and diversification.
- 22 The Council provides good and improving value for the money it spends. Resources are directed to secure improvement in priority areas, for example recycling and customer contact. Corporate efficiency targets have been significantly exceeded with cashable savings of £594,000 achieved. The Council has successfully used joint procurement to improve value for money, for example through the use of the East Lancashire e-Partnership. Good use is made of external funding to help deliver priorities, such as the redevelopment of Clitheroe Castle and Museum.
- 23 Benefits administration continues to be good, with Ribble Valley's performance against most indicators being amongst the best nationally. This is an important service for vulnerable people in the context of the economic recession. New benefits claims were dealt with in 22 days on average during 2007/08, an improvement on the previous year. Collection rates for Council Tax and National Non Domestic Rate income – one of the council's key resource management measures - are good and have improved further.
- 24 Ribble Valley is now playing a more active role in partnership working in East Lancashire and in the wider Lancashire sub-region. The Council is continuing to support the development of an effective Local Strategic Partnership (LSP). The partnership has been reviewed and its structure aligned with the themes of the Lancashire Local Area Agreement. The Council is enhancing its influence through its role in helping to establish the Pennine Lancashire Development Company and involvement in the Multi Area Agreement for Pennine Lancashire.
- 25 The Council is working well with partners to make people's lives safer. Ribble Valley has the lowest crime rate of any council area in the North West of England and third lowest in England and Wales. The British Crime Survey shows that crime reduced by a further 28 per cent in 2007/08. The Crime and Disorder Reduction Partnership exceeded its crime reduction targets for 2007/08 by over 20 per cent. Effective targeting of a range of initiatives, such as positive diversionary activities, has contributed to community safety outcomes, although continuing levels of funding are uncertain. Anti social behaviour, vandalism and neighbourhood nuisance are perceived by local people to be falling and less of a problem than in other parts of Lancashire.
- 26 Partnership working with NHS East Lancashire to address health priorities is improving, for example through physical activities addressing the incidence of cardiac disease including 'Stepping Out', a health walks programme. However it is too early to report any outcomes from this work. The PCT has provided £130,000 for the Council to help reduce health inequalities. The Council is working with partners to set up the healthy valley project, developing village community centres to address health and well being issues associated with rural isolation.

How is Ribble Valley Council performing?

- 27 Environmental quality and waste management are improving. Following the introduction of the three-stream waste collection service, the proportion of household waste recycled or composted has increased to 42 per cent in quarter 3 (unaudited data for 2008/09), compared to only 21 per cent for the same period in 2006/07. The amount of household waste generated per head fell from 401kg to 379kg during 2007/08. Data from the 2008 Place Survey shows that only 21 per cent of local people feel that rubbish or litter lying around is a problem – the best figure in Lancashire.
- 28 The Council is contributing well to the objective of matching the supply of homes in the area with identified needs by using its planning powers to develop the supply of affordable housing. Forty new affordable homes were completed in 2007/08, with a further 151 expected in the period to 2011. In addition, 14 empty private homes were returned to occupation in the year. The Council transferred its housing stock to a registered social landlord on 31 March 2008. The transfer provides for substantial investment in improving tenants' homes. The Council's performance against key planning indicators slipped slightly during 2007/08 but continued to exceed national targets and is improving again in the first half of 2008/09.
- 29 Access to services has improved and the Council achieves high levels of public satisfaction - 82 per cent in a recent Citizen's Panel survey. The Council is developing access to services for rural communities through providing a range of information and access points. The Council web-site has been improved and a customer relationship management system adopted to improve customer enquiries handling.
- 30 Although it still performs at a comparatively high level, the Council's rate of improvement against all performance indicators has slowed during the past year. Performance improved against 50 per cent of indicators during 2007/08, compared to a district council average of 57 to 59 per cent. The proportion of indicators where Ribble Valley performs in the best quartile fell from 39 per cent in 2006/07 to 33 per cent in 2007/08 and is now the same as the national average for district councils.
- 31 The Council's approach to equality and diversity continues to be underdeveloped. Ribble Valley is one of only 14 per cent of councils nationally still to progress beyond Level 1 of the Local Government Equality Standard. The Council has set a target of achieving level two against the Standard by 2010 and a detailed demographic profile of the borough has now been compiled. In line with the Council's aim of being a well-managed Council, it is working with an external organisation to develop the approach to equality impact assessments.

Improvement plans to sustain improvement

- 32 The Council has developed with partners a Sustainable Community Strategy for the period 2007-13 which sets out a clear vision and framework for the borough's ambitions. The Community Strategy has been reviewed to ensure that it is consistent with the Lancashire Local Area Agreement. A monitoring framework for the strategy has been established and revised action plans and longer term targets are being finalised.

How is Ribble Valley Council performing?

- 33 The Council has developed its approach to monitoring the implementation of improvement plans. A Corporate Performance and Improvement Plan is in place and is linked to the Community Strategy and the vision for the borough. More could be done to ensure that the Council is fully delivering against its improvement targets. Sixty four per cent of the Council's best value targets were met in 2007/08, with a further 12 per cent close to achievement.
- 34 The Council is strengthening its approach to making the best use of capacity and resources. Capacity gains have been achieved through joint working, for example through LPSA reward grant funding for an inclusion officer to support the participation of disabled people in physical activities. The Council has identified its developing involvement with partners in Pennine Lancashire as a mechanism to enhance capacity, for example in relation to regeneration and economic development.
- 35 The Council performs well in the area of financial standing and financial management. It has developed a Medium Term Financial Plan and manages its expenditure within budget. There is scope for improving the Council's asset management planning to enable the delivery of corporate priorities and service delivery needs in future years.
- 36 Sickness absence has improved significantly from 8.38 days in 2006/07 to 5 days in 2007/08. Ribble Valley is now amongst the best performing councils in this respect and the improvement has increased the Council's overall capacity. The Council has tackled the issue of equal pay and the job evaluation process has been completed.
- 37 The Council's improvement processes have been used effectively to drive improvement in previously poorer performing areas such as recycling and waste. A comprehensive performance management framework to monitor the Council's performance has been put in place. There is a clear framework in place for ethical governance and the Council has appropriate processes in place to monitor and update corporate governance arrangements.

Corporate Assessment Inspection

- 38 The Council's comprehensive performance assessment (CPA) rating increased during 2007/08 to *good* from its earlier *fair* rating following an inspection by the Audit Commission. The inspection looked at the Council's ambitions, its ability to improve its services and what it has achieved since the last assessment in 2004. The inspection findings are summarised below.
- 39 The Council is driven by a shared vision with its partners for the borough to be an area with an exceptional environment and quality of life for all. Partners are working well together to deliver on local priorities. The Council shows effective community leadership and residents have very high levels of satisfaction with the Council and its services. The Council now needs to improve its focus on equalities and diversity and to further develop services with partners in order to maintain its record for securing value for money and providing good quality services.

How is Ribble Valley Council performing?

40 Strengths included:

- ⊕❖ The Council and its partners have a clear vision for Ribble Valley, and are clear about what needs to be done to achieve this ambition.
- ⊕❖ Priorities are based on a good understanding of the needs and views of local people.
- ⊕❖ The Council is increasingly demonstrating effective community leadership, particularly through its developing partnership working.
- ⊕❖ The Council provides good value for money and is maintaining a strong drive for efficiencies.
- ⊕❖ Services have continued to improve in a number of areas, with some excellent achievements in reduced levels of crime levels and improved housing.

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41 Areas for improvement included:

- ⊕❖ The Council needs to make sure that equalities and diversity is given a higher priority.
- ⊕❖ It needs to develop its working on shared services and to strengthen its partnership performance management arrangements.
- ⊕❖ Plans need to include longer-term targets.

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Tackling health inequalities in Lancashire

- 42 Over the past year we concluded a wide-ranging review of arrangements focusing on how partners work collaboratively to reduce health inequalities (HI) across Lancashire. Average life expectancies across the county are similar to those for England and Wales where the gap between the most affluent and most deprived areas is 6.8 years but parts of Lancashire show much greater variation.
- 43 Joint working is often challenging and health and local government bodies begin with different, sometimes competing, priorities. In addition, the need to develop healthier communities is closely linked to other priorities such as safer and stronger communities, sustainability and regeneration.
- 44 Our review found that despite progress in recent years, the county as a whole is not projected to achieve its Public Service Agreement (PSA) target to reduce HI, as measured by infant mortality and life expectancy at birth. Partner organisations in Lancashire have a clear commitment to tackling HI and the development of plans for 2008/09 and beyond is encouraging. However, some organisations and partnerships still lack coherent longer term strategies. These weaknesses are hampering effective partnership working and performance management. Scrutiny is inconsistently applied to health issues across the bodies we reviewed in Lancashire.
- 45 Directors of Public Health (DPH) across Lancashire are not making full use of their key strategic position and engagement with local health service providers has been limited. Community groups and service users are not consistently involved in the development of HI strategies.

How is Ribble Valley Council performing?

- 46 We have recently received a joint response from all the organisations involved in the review which refers to the significant progress made since our field work was undertaken. However performance data shows that inequalities in health remain a challenge in several areas across Lancashire. We will continue to monitor progress against this key priority for the county.

The audit of the accounts and value for money

47 Your 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 and a conclusion on your value for money arrangements to say that these arrangements are adequate on 17 September 2009; and
- a report on the Best Value Performance Plan confirming that the Plan has been audited.

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Use of Resources

48 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).

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The audit of the accounts and value for money

49 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 1

Element	Assessment
Financial reporting	2 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

- 50 Both the external audit of the financial statements and the Use of Resources work were well managed by the Council and all of our enquiries were given timely and appropriate attention which led to an efficient and effective audit process. We identified two material mis-statements as part of the audit which related to two technical matters; one concerning the accounting of the LSVT, and the other involving the Statement of Total Recognised Gains and Losses.
- 51 As these were material adjustments, the amendments impacted on the Council's Use of Resources Financial Reporting score, reducing it from 3 to 2.
- 52 The Council had completed a robust self assessment of its achievements and outcomes for the Use of Resources assessment. This clearly demonstrated its achievements and consolidated performance at an overall level 3. This assessment will assist the Council significantly in recording and assessing its achievements for the new Comprehensive Area Assessment which will be assessed in the 2008/09 financial year.

Looking ahead

- 53 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.
- 54 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.
- 55 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

Closing remarks

- 56 This letter has been discussed and agreed with officers. A copy of the letter will be presented at the audit committee on 25 March 2009. Copies should be provided to all Council members.
- 57 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 2007
CPA Corporate Assessment Inspection Report	May 2008
Annual Governance Report (ISA260)	September 2008
Opinion on financial statements	September 2008
Value for money conclusion	September 2008
Final accounts memorandum	September 2008
Annual audit and inspection letter	March 2009

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- 58 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

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

Tom Keena
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.

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