

Annual Audit and Inspection Letter

East Riding Of Yorkshire Council

Audit 2007-2008

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 East Riding of Yorkshire Council is improving strongly. Despite the significant impact of the 2007 floods, your services have improved at a faster rate than other councils in all priority areas. Outcomes for children and young people are good, including those who are looked after, with improved GCSE results and a reduction in those who reoffend. Waste collection and disposal is improving, with more being collected and recycled. Cultural change in the planning service is leading to improvement. The number of people killed or seriously injured in road incidents has reduced sharply. Overall crime rates are low with improvement well above that of other councils. Services for older people are improving overall with a developing prevention policy and increased partnership working, though less people are getting home care as a consequence of capacity shortfalls in some rural areas. There has been some improvement in tackling childhood obesity, through the number of schools achieving Healthy Schools Standard and the pilot 'Brid Kids' scheme.
- 2 You are seeking to improve capacity through use of the voluntary sector, development for Members, managing staff absences and have improved your arrangements ensuring value for money in service delivery.

Action needed by the Council

- 3 We have communicated the detailed actions required by you in specific reports throughout the year including our Corporate Assessment, and encouraged Members to monitor progress on agreed action areas.
- 4 A number of key issues were identified during our work and in response Members should ensure that:
 - scrutiny has a more active role in managing performance by presenting scrutiny committees with performance reports on the same basis as Cabinet; and ensuring portfolio holders appear regularly before scrutiny to respond to challenges on areas of concern;
 - progress is made in tackling the IT, staffing and structural issues that are affecting the performance of the planning service to bring performance more in line with other councils;
 - you ,together with partners, continue to build on initiatives already introduced to speed up the creation of affordable homes to meet the targets set out in your Sustainable Community Plan and other strategies;
 - you continue to target support for looked after children to ensure that they achieve the same level of education as all children in the area ;
 - you work with partners to enable more adults with a learning disability to live at home and provide more intensive home care to older adults.

Purpose, responsibilities and scope

- 5 This report provides an overall summary of the Audit Commission's assessment of the Council. It sets out the findings and conclusions from the 2007/08 audit and draws on the most recent Comprehensive Performance Assessment (CPA) and from any inspections undertaken since the last Annual Audit and Inspection Letter.
- 6 The letter is addressed to Members as it is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of your business and that you safeguard and properly account for public money. We have made recommendations to assist the Council in meeting its responsibilities.
- 7 Your appointed auditor is responsible for planning and carrying out an audit that meets the requirements of the Audit Commission Act 1998 and the Audit Commission's Code of Audit Practice (the Code). Under the Code, the audit involves reviews and reports on:
 - your accounts; and
 - whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources (the value for money conclusion).
- 8 Your Comprehensive Area Assessment Lead (CAAL) is responsible for the programme of work based on the Local Government Act 1999 which requires us to carry out inspections that:
 - enable you and the public to consider whether Best Value is being delivered;
 - enable the Government to assess how well its policies are being delivered; and
 - identify failing services where remedial action may be necessary.
- 9 This letter includes the latest assessment of your performance under the CPA framework and our Direction of Travel.
- 10 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 East Riding of Yorkshire Council performing?

11 The Audit Commission’s overall judgement is that East Riding of Yorkshire Council is improving strongly and we have classified the Council as four star in its current level of performance under the CPA. These assessments have been completed in all single tier and county councils with the following results.

Figure 1 Overall performance of councils in CPA



Source: Audit Commission (Percentages may not add up to 100% due to rounding)

Our overall assessment - the CPA scorecard

Table 1 CPA scorecard

Element	Assessment
Direction of Travel judgement	Improving strongly
Overall	4 star
Corporate assessment/capacity to improve	4 out of 4 (Reassessed in 2008)
Current performance	
Children and young people*	3 out of 4
Social care (adults)*	3 out of 4
Use of resources*	4 out of 4
Housing	4 out of 4
Environment	3 out of 4
Culture	4 out of 4
Benefits	4 out of 4

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

The improvement since last year - our Direction of Travel report

- 12** East Riding of Yorkshire Council is improving strongly. Despite the significant impact of the 2007 floods, the Council has improved faster than other councils in all priority areas. Outcomes for children and young people are good, including those who are looked after, with improved GCSE results and a reduction in those who re-offend. Waste collection and disposal is improving, with more being collected and recycled. Cultural change in the Planning service is leading to improvement. The number of people killed or seriously injured in road incidents has reduced sharply. Overall crime rates are low with improvement well above that of other councils. Services for older people are improving overall with a developing prevention policy and increased partnership working, though less people are getting home care as the Council struggles for capacity in some rural areas. There has been some improvement in tackling childhood obesity, through the number of schools achieving Healthy Schools Standard and the pilot 'Brid Kids' scheme. The Council is improving capacity through use of the voluntary sector, development for Members, and managing staff sickness absence. The Council has improved its use of resources including value for money.

How is East Riding of Yorkshire Council performing?

Sustainable Communities and Transport.

- 13 Waste collection and disposal is improving, with more being collected and recycled, and has achieved high public satisfaction with these services. Whilst the cost of waste disposal has increased, the cost of waste collection per household has reduced and performance is now above average. The joint plan with the Kingston upon Hull City Council for an 'energy from waste' plant is being considered for PFI funding. The planning service, historically poorly performing and high cost, is improving. Complaints are down, compliments are up, and an increasing number of planning applications, other than minor ones, are determined within the set time. Although performance is still below average and satisfaction is low, the cultural change taking place in the service is increasing the pace of improvement.
- 14 Culture, is used to deliver other priorities, such as improving the health and well being of the population. Areas of poor performance are still reviewed, evidenced by this year's review of the library services, which is resulting in radical changes to the service. Satisfaction with libraries is improving strongly though is still below average.

Safer and Stronger Communities

- 15 This priority area has improved across the board, with the pace of improvement well above that of other councils. Progress is being made in reducing the number of people killed or seriously injured in road incidents. Though performance is still generally below average, you are working hard, including using predictive and proactive analysis, to reduce the numbers killed and seriously injured from the 2007 peak. Crime rates throughout your area are low, but there are hotspots which you are targeting, by working with partners on schemes such as those to reduce repeat offending and to get young people into work.

Children and Young people

- 16 You continue to perform well in this area. Most measures of educational attainment are in the top quartile. The 2008 Key Stage 2 and 4 results are the best ever for the East Riding and the overall A*-C GCSEs were above local and national targets, and although the attainment of looked after children is comparatively good, the gap with the attainment levels for all children locally remains wide. You have introduced a number of initiatives to ensure that looked after children achieve their potential, such as the virtual school and targeted work placements, and there are positive outcomes for looked after young people entering further education or employment. A strategy to reduce numbers of looked after children through targeted preventative services has been successful.
- 17 The combined work of all local services in securing the health of children and young people is effective with some good health outcomes. You are leading on the development of a more robust obesity strategy that will focus on the under-fives through Sure Start and Children's Centres and improving engagement with parents.

Older people and Healthier living

- 18 This area is improving overall although some areas of the service are below average and deteriorating. Awareness of the broader older people's wellbeing agenda is good and you engage well with older people and the organisations that serve them. You are in the best-performing 25 per cent of councils in providing support for older people and adults with physical disability to live at home, and in the timely provision of care packages following assessments. Support to enable those with mental health problems to live at home has improved and is now above average, as is the completion of new assessments for older people. You are not performing well in helping adults with a learning disability to live at home. This is now an improvement priority which you are tackling with partners through a number of local initiatives to ensure that older and vulnerable people are supported to live independently. Fewer older people are getting home care and you struggle for capacity in some rural areas. The impact of a growing population of older people on the future provision of services is recognised and you have undertaken extensive consultation in your review of adult social care services to ensure you focus your resources on priority areas.

Working with partners to deliver broader community priorities.

- 19 You provide strong leadership of the Local Strategic Partnership (LSP) combined with a consistent and well-embedded focus on performance management, organisational development and financial management. You have brought your experience of obtaining external funding to shared projects such as a probation-led young offenders project. You have also shared your risk management and performance management processes, such as the performance health check, which has been used on joint projects. You contribute to wider community priorities through your policy of procuring goods and services from local companies where practicable. You have identified capital spending in your three year plan which can be brought forward to stimulate the local economy by supporting local businesses and creating employment opportunities.

Consultation

- 20 You continue to consult regularly with your population through a variety of channels such as the annual "Riding Around" consultation, and "On the Road", a forum with Corporate Management Team (CMT) and Cabinet which now include partners such as the police. Specific activities target hard to reach groups such as the BME community, migrant workers, and service personnel. There is very good involvement of children and young people through the Youth Assembly and Children in Care Council. The Older People's Charter group inputs regularly into policy development. Community engagement has developed over the past year through the introduction of a multi-agency Local Action Team (LAT) in each locality. Early experiences show that the level of local engagement has risen as the resolution of specific local issues such as car parking and rubbish removal show that LATs can make things happen.

How is East Riding of Yorkshire Council performing?

Corporate Planning Framework

- 21 You have strong arrangements in place to drive future improvement, which support your priority to be a well managed council. The three year corporate plan, updated annually, has clear links to the Local Area Agreement (LAA). Following extensive consultation, and having considered national and regional issues, you have agreed seven new corporate priorities for 2008/2011. These will be delivered through the change programme 'Striding Ahead'.

Performance management

- 22 Your performance management methodology is now being used with partners working on LAA targets. Underperformance is scrutinised as well as over performance. The role of overview and scrutiny (OSC) in performance management has improved through the provision of more targeted performance information and support, which will inform the OSC review programme. Recent reports from OSC review panels, such as those on the floods and alcohol mis-use, have been well received.

Capacity to Deliver Plans

- 23 You continue to deliver your plans. The partnership with avarto Government Services is continuing to deliver its objectives, with all service areas moving closer to the delivery of a top 10 per cent performance. Council tax and rent collection rates are the highest ever and in the top 10 per cent of councils. Collection of business rates has maintained its top 10 per cent performance. You have made progress in addressing higher than average levels of sickness absence, through a range of measures to proactively manage the absence and enable the employee to return to work when appropriate. You have improved your approach to member development, achieving accreditation for your targeted training programme. You are making effective use of the voluntary sector to enhance capacity, particularly in relation to the provision of services for children and young people. In those areas where the use of services from the voluntary sector is under-developed, such as domiciliary and residential services, you are also working to support the development of the voluntary sector, in order that it can play its full part in the delivery of local services.

Arrangements for securing continuous improvement

- 24 Arrangements are strong. Your service costs demonstrate best value compared to other authorities and the level of customer satisfaction with services is good. Focus on improvement is well embedded across all directorates and at all levels, with a robust performance framework in place, Value for money is taken seriously throughout and has a high corporate profile.

The audit of the accounts and value for money

25 The findings of the 2007/08 audit were reported in September 2008 and an unqualified opinion was included in your accounts together with an unqualified conclusion on your arrangements for securing value for money.

Use of Resources

26 The findings of our use of resources audit are an important component of the CPA framework. In particular the Use of Resources score is derived from audit assessments in the following areas.

- Financial reporting (including the preparation of your accounts and the way these are presented to the public).
- Financial management (including how financial management is integrated with strategy to support your priorities).
- Financial standing (including the strength of your financial position).
- Internal control (including how effectively you maintain proper stewardship and financial control).
- Value for money (including an assessment of how well you balance the cost and quality of services).

27 We assessed your arrangements for use of resources in these five areas as follows.

Table 2

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

Note: 1 – lowest, 4 = highest

The key issues arising from the audit

28 An improved overall assessment score of 4 was achieved in 2008 (3 in 2007).

The audit of the accounts and value for money

Financial reporting

- 29 Good financial reporting standards have been maintained. Your published financial statements were satisfactory, requiring only minor audit adjustments. The quality of working papers which provide a clear 'audit trail' was generally good but could be improved in some areas. External reporting is timely and presents information in accessible formats demonstrating compliance with duties under the equalities legislation.

Financial Management

- 30 You have performed well in this area and have demonstrated that the medium term financial plan is integral within your three-year planning cycle.

Financial Standing

- 31 You have maintained your strong track record of managing financial resources whilst maintaining service delivery. Despite budget pressures during 2007/08 your spending was contained within your overall budget. Collection rates for council tax, NNDR and housing rents continue to be above tight targets set as does the collection of undisputed sundry debtors. Performance on debtors has improved with the overall outstanding balance being reduced from £13.4m to £10.2m. The Cabinet receives regular detailed financial monitoring reports. Reserves and balances are set based on needs and risk.

Internal Control

- 32 You have established good internal control. Arrangements are in place to rectify identified areas for improvement and to manage risks.

Value for Money

- 33 You provide good value for money and manage high performance across a range of services.

Data Quality

- 34 You have Data Quality arrangements that are consistently above minimum requirements. Recent initiatives undertaken across the Council and with key partners, when embedded, should provide all agencies with a good basis to meet some of the forthcoming challenges associated with the introduction of the Comprehensive Area Assessment.
- 35 An action plan has been agreed with officers to address the development issues arising from this review.

Looking ahead

- 36** 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 quality of life. 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.
- 37** 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 together with an organisational assessment which will combine the audit assessment of value for money with a joint inspectorate assessment of service performance. 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 is a key aspect of each area's Local Area Agreement.

Closing remarks

- 38 This letter has been discussed and agreed with chief officers. A copy of the letter will be presented at the audit committee on 27 March 2009. Copies need to be provided to Members.
- 39 Further detailed findings, conclusions and recommendations on the areas covered by audit and inspection work are included in the reports issued during the year.

Table 3 Reports issued

Report	Date of issue
Audit and inspection plan	April 2007
Pension information flows with Kingston upon Hull City Council	June 2008
Annual Governance Report	September 2008
Opinion on financial statements	September 2008
Value for money conclusion	September 2008
Final accounts memorandum	December 2008
Use of Resources	November 2008
Data Quality	December 2008
Corporate Performance Assessment Report	November 2008
Annual audit and inspection letter	March 2009

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- 40 The Council has taken a positive and constructive approach to audit and inspection work. I wish to thank your officers for their support and cooperation during the audit.

Availability of this letter

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

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.

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

Copies of this report

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