

# Annual Audit and Inspection Letter

Blackburn with Darwen Borough Council

Audit 2007/08

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 The key messages included in this report for the Council are as follows.

- The Council was assessed as an 'excellent' council following the corporate inspection carried out under the comprehensive performance assessment and which was reported in January 2009.
- Services for children and young people, culture and social care are good and produce positive outcomes. Health outcomes for local communities overall are improving slowly, but significant health inequalities remain a major challenge for the council.
- The Council has helped to create jobs and raise skills to get people into work. Levels of crime continue to fall and most people feel safer. The Council is successfully delivering initiatives that support cohesive communities.
- Street cleanliness has improved significantly and high performance continues in relation to parks, libraries and benefits.
- The Council's continues to show continued improvement in a number of areas in its Use of Resources assessment, particularly around financial management and risk management. In most areas the Council performs consistently above the minimum requirements although Internal Audit still needs to be brought fully up to strength to enable it to meet professional standards.
- The Council has robust arrangements in place to manage its data quality.
- The Management Accountabilities Framework (MAF) has already made a good impact on the council's governance arrangements and is continuing to develop.

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### Action needed by the Council

- 2 The following are issues the Council needs to address.
- The level of health inequalities across the borough remains a concern despite recent improvements to various organisational structures and partnership arrangements. The Council with key partners should now focus on delivering outcomes from this work and ensure that health initiatives are co-ordinated at strategic level in order to deliver greatest impact.
  - The Council needs to improve its performance in its priority areas for safeguarding adults and fostering following the inspection of these two services which rated them as adequate and inadequate respectively. However these were in the context of an overall 'Good' JAR and Children's services score.
  - 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 continue to proactively manage its finances and other resources to deal with these pressures, particularly where costs and demands for services are increasing.
  - Continue to build on MAFs progress so far by implementing the recommendations in our audit report.
  - The Council needs to ensure Internal Audit is properly resourced and meets professional standards to further strengthen governance arrangements.
  - The Council should prepare for the introduction of the Comprehensive Area Assessment by ensuring services and partnerships focus on the quality of life outcomes experienced by local people and service users.

# Purpose, responsibilities and scope

- 3 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. It also includes the results of the most recent corporate assessment.
- 4 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.
- 5 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.
- 6 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.
- 7 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.
- 8 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 Blackburn with Darwen Council performing?

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

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



Percentage figures may not add up to 100 per cent due to roundings

Source: Audit Commission

## How is Blackburn with Darwen Council performing?

### Our overall assessment - the CPA scorecard

**Table 1 CPA scorecard**

Element	Assessment
Direction of Travel judgement	Improving well
<b>Overall</b>	<b>Excellent</b>
Corporate assessment/capacity to improve	4 out of 4
Current performance	
Children and young people*	3 out of 4
Social care (adults)*	3 out of 4
Use of resources*	3 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

- 10** The Council is improving well. It is committed to delivering services that improve quality of life for local people, particularly in deprived communities. Services for children and young people, culture and social care are good and produce positive outcomes. Educational performance across the borough is improving and pupils are making good progress although sometimes from low starting points.
- 11** Significant investment has helped to create jobs and raise skills to get people into work. This is particularly important as the impact of the economic downturn is felt locally. The Council has been pivotal in sustaining the town centres in Blackburn and Darwen. Working closely with partners, the Council has successfully developed housing services to meet the needs of different communities. High performance continues in relation to parks, libraries and benefits. Street cleanliness has improved significantly. Levels of crime continue to fall and most people feel safer. The Council is successfully delivering initiatives that support cohesive communities.
- 12** Services provide good value for money and financial management is strong. However the internal audit service still has weaknesses, an issue we have raised in previous reports. Effective partnership and neighbourhood working is helping the Council to deliver local community priorities. The Council works well with other partners to improve health but significant health inequalities remain a major challenge for the borough.

**13** We now report below progress against the Council's priorities.

### Improving public health and wellbeing

- 14** Health outcomes for local communities overall are improving, albeit from a low base. Life expectancy in the Borough for both men and women is rising slowly, although the national gap is not narrowing. Levels of life expectancy in Blackburn with Darwen remains significantly worse than the England average for both men and women. In 2007/08, life expectancy for men was the fifth worst in England. The 2008 Health and Wellbeing survey shows that the health of people in the Borough is generally worse than the England average with significant health inequalities by gender, level of deprivation and ethnicity. Despite some progress, there remains an eight year gap in life expectancy between the worst and best wards for men and a six year gap for women.
- 15** The Council and its partners have a clear understanding of the health problems experienced across the Borough and within specific communities – including some of the worst health related outcomes in England. The extent of health problems was a major contributor to the increase in the relative deprivation of the Borough - from 34 to the 17 most deprived area in 2007. In particular, Blackburn with Darwen has significantly higher levels of diabetes, obesity (adults), physically inactive adults, healthy eating (adults), under 15's not in good health, and new cases of TB and early deaths from heart disease, stroke and cancer than the England average. Deaths from smoking are also significantly above average and accounted for 253 deaths a year in the Borough last year. However, some indicators compare more favourably - levels of infant deaths, binge drinking, obesity (children) and physically active children are similar to or are better than average. Whilst some progress is being made, clearly the challenges are still significant.
- 16** The Council is investing in a number of projects where longer term outcomes are expected. The joint development of Darwen Leisure Centre at a cost of £12.5 million demonstrates how the Council and partners are promoting physical activity to improve health. Initiatives to address long standing health problems such as Re-activate (which is aimed at reducing smoking, worklessness and alcohol misuse) and Re-fresh (which promotes access to a range of free leisure activities) focus on long term health gains and are already having some impact. For example, work to promote physical activities marketed towards the over 50's has increased participation from 6,500 in 2006/07 to over 13,500 in the last year. The introduction of Re-fresh has contributed to a 71 per cent increase in the uptake of physical activity in the Borough. The Healthy Communities programme, which encourages volunteers in communities, has increased the number of people involved in sport volunteering to 5.2 per cent compared to 4.7 per cent nationally. These initiatives are beginning to make an effective contribution to the Council's priority of improving public health and wellbeing.



## How is Blackburn with Darwen Council performing?

- 17** Partnership working is promoting the health and wellbeing of older people. Joint commissioning with the PCT and the voluntary and community sector are examples of very good partnerships. Intelligence sharing with fire and rescue, police and the PCT is helping to maintain safe environments in the home and community. The strategy for older people is ambitious and supported by good research. Engagement networks for older people are well established. In its most recent annual performance assessment, the Commission for Social Care Inspection (CSCI) rated the Council's services as good with promising prospects for improvement. Robust plans have been developed to overcome problems within the learning disability service and improvements have been delivered, particularly in relation to the availability of extra care housing (at Spring Bank Court). Intermediate care services have improved and are helping to reduce delays in hospital transfer. The Council's contribution to economic wellbeing was assessed as excellent. However, the Council's contribution to maintaining personal dignity and respect was only considered adequate. There are still delays in the provision of major adaptations and more support is needed for people with physical disabilities. Other development areas include assessment times and the completion of a single assessment process. So whilst the overall performance for social care is good, further work is needed to tackle specific areas of poorer performance.
- 18** Health outcomes for children and young people are rising and many are better than in similar areas. A range of quality services are now delivered through the 13 new children's centres located in the most deprived neighbourhoods of the Borough. Significant improvements have been achieved in priority areas such as emotional health and wellbeing. The majority of children are provided with a safe environment through good preventative services and the combined work of all local services in securing health is very good. Specific initiatives such as Re-fresh gives everyone who is educated, lives, works, or is registered with a Blackburn with Darwen GP an opportunity to access a range of free leisure facilities, health and dietary advice. Immunisation rates and levels of breast feeding are higher than in similar councils. Access to dental services is increasing overall and children with learning difficulties and/or disabilities, and those who are looked after, have good access to dentists. However, levels of dental decay for children are amongst the worst nationally and dental health remains a concern.
- 19** The Council works well with schools to improve the health of children. The proportion of schools achieving the National Healthy Schools Standard is now higher than average. Actions to reduce teenage conceptions are good with teenage pregnancy and sexual health strategies well integrated and focussed on prevention. As a result, partners have already exceeded the 2010 target. Conceptions in the Borough have decreased by 28 per cent, the largest reduction in the North West. However, health improvement and health inequality continues to be significant challenges. We note that the Council is continuing to prioritise these issues through the Local Area Agreement.
- 20** The Joint Area Review (JAR) of children's services identified very good work with vulnerable groups, for example victims of domestic violence and young people at risk of exploitation. Significant improvements have been delivered in services for children and adults with mental health problems and groups of children who are vulnerable to under achievement have improved their educational attainment.

### Improving your neighbourhoods

- 21** The Council is providing effective leadership to promote community cohesion and reduce the risk of tensions in the Borough. Three quarters of local residents surveyed said that people from different backgrounds get on well together and 86 per cent of residents are now satisfied with the neighbourhoods in which they live (up from 79 per cent last year).
- 22** Arrangements for engaging at neighbourhood level are good and beginning to deliver benefits. The recent corporate assessment recognised the Council's structured and longstanding approach to the neighbourhood development and the positive impacts being achieved. Neighbourhood Voices and the new Children's Centres are examples of good practice. Neighbourhood Boards introduced in December 2008 provide a more structured mechanism for local communities to raise issues and concerns. Neighbourhood plans are linked to local priorities; for example, the North East plan seeks to improve educational attainment of young boys of Asian heritage. Specific neighbourhood interventions have also resulted in a 17 per cent reduction in levels of crime together with reductions in levels of anti-social behaviour. Examples include targeted responses to address issues raised by residents in the Mill Hill area.
- 23** Blackburn with Darwen is becoming a safer place with lower levels of crime. The Community Safety Partnership (CSP) is effective with a good delivery framework, particularly at neighbourhood level. An extensive range of performance measures has helped the CSP focus on and exceed crime reduction targets for the Borough. Actions taken to reduce burglary, vehicle and violent crime have been particularly successful compared to similar areas. Household crime is down from 21 to 16 per cent and fear of crime is now below the regional average. Initiatives to tackle anti-social behaviour and environmental nuisance are effective and have delivered improved outcomes. The introduction of CCTV and Bin the Banger initiatives are helping to reduce community concerns. Good performance is reflected in a number of areas, for example:
- vandalism (down from 63 to 40 per cent);
  - abandoned cars (from 33 to 7 per cent);
  - noisy neighbours (from 27 to 17 per cent); and
  - teenagers hanging around (from 63 to 54 per cent).
- 24** Actions to improve road safety have had a positive impact in most areas. Government accident reduction targets for 2010 have already been met with the number of people killed and seriously injured reduced by 54 per cent since 1998. The figure for children reduced by 55 per cent over the same period. The approach to dealing with vehicle related accidents has improved. Local schemes targeted at accident hotspots and vulnerable groups have helped make roads safer, for example reducing the number of children injured whilst travelling to a mosque. Last year the number of children and young people killed or seriously injured reduced (22 to 18 per cent). However, taking both adults and children into account, the numbers of people killed or seriously injured has increased from 72 in 2006/07 to 84 this year and the number of casualties is also rising. Targeted action is needed to stem the rise in the number of deaths and serious injuries in the Borough.

## How is Blackburn with Darwen Council performing?

**25** Council initiatives are helping to improve the environment of the Borough in areas identified as important by local people. Street cleanliness has improved significantly - the Council was classified as one of the best performers in 2007/08 - and there has been a sustained focus on recycling. Almost 34 per cent of all waste collected is now recycled or composted compared to 27 per cent in 2006/07. However, the percentage of land littered has increased slightly this year and levels of graffiti are also rising, up from 2 per cent in 2006/07 to 8 per cent last year. The state of repair of footpaths is also deteriorating. This year 15 per cent are in need of repair compared to only 4 per cent last year and the percentage considered to be easy to use has fallen from 82 per cent to nearly 67 per cent over the last 12 months. Despite this deterioration in performance on litter and footways, the Council's overall performance is still better than the average for all councils (but below that of similar councils). If performance continues to decline, this could reduce residents' satisfaction with their neighbourhoods.

### Improving the economy

- 26** The Council is providing strategic leadership to sub-regional ambitions for Pennine Lancashire with the multi area agreement (MAA) signed off by Government in January 2009. The ambitions of the MAA, particularly its aims for developing and sustaining the economy of the sub-region, are particularly important in the current depressed economic climate. The Council is also an active participant in the sub-regional improvement and efficiency partnership, Team Lancashire. However, whilst the collective investment of partners in these initiatives is welcome, real outcomes that affect local people are still to be delivered.
- 27** The Council and its partners have been instrumental in supporting the creation of new businesses and promoting entrepreneurship. There has been a clear focus on improving the skills and employability of the Borough's workforce. In Partnership with the Department for Work and Pensions, the Council has supported people to move from incapacity benefit and income support into employment, exceeding the target by 47.5 per cent. Neighbourhood Learning Centres have also been developed to improve access for disadvantaged communities to employment and training advice and the Borough's Employer Forum has encouraged 330 companies to participate in active recruitment of local people in the last year.
- 28** In partnership with other areas in Pennine Lancashire, the Local Economic Growth Initiative scheme and has assisted almost 500 new business start ups in the first 15 months of operation. A combination of strategic initiatives has also contributed to an 8.4 per cent increase in the number of VAT registered businesses - higher than the 8.1 per cent rise nationally and over 10,000 new jobs have been created against a backdrop of 6,000 manufacturing jobs lost. However, given the recent economic downturn it is uncertain if this level of achievement is sustainable.

## How is Blackburn with Darwen Council performing?

- 29** Educational outcomes continue to improve at a faster rate than the national average and more quickly than similar councils. In its most recent inspection, Ofsted judged the vast majority of schools as good or better and children and young people are positive overall about their schooling. Support to schools is good and focussed on aspects where there are particular needs or difficulties. Pupils continue to make better progress than expected. Progress measures across the key stages are favourable. In summer 2007, the Council recorded its best ever results - the percentage of pupils achieving five or more GCSEs grades A to C increased from 51.4 per cent to 59.6 per cent and those achieving grades A to G is also rising. Looked after children and children with learning difficulties and/or disabilities achieve very well. The gap between outcomes for the most vulnerable and that for all children is narrowing. Employment opportunities within the Borough improved during 2007/08. A key success has been a reduction in young people not in education, employment or training where levels are below those of similar councils. These improvements contribute significantly to the corporate priority to deliver more positive outcomes for children and young people.
- 30** The Council has been pivotal in sustaining the viability of the main town centres. For example, Darwen has benefited from significant environmental improvements. There have been similar initiatives in Blackburn where increased footfall and average levels of spending within the shopping complex increased by nearly a third. Housing services are being used to meet the needs of different communities. The ELEVATE market renewal initiative completed 500 refurbishments and 600 demolitions which helped during 2007/08 to contribute to significant house price increases - 40 per cent in the last three years and twice the national average. However, despite these developments, average house prices in the Borough are still half of the national average. More empty homes have been either demolished or returned to occupation during the past year (222 compared to 110) placing Blackburn with Darwen in the best 25 per cent of councils. There has been a steady increase in the availability of good quality affordable housing through the strategic housing partnership - the number of affordable dwellings has increased from 104 in 2006/07 to 164 in 2007/08. Decency standards are now met by 87 per cent of Twin Valley Homes and 91 per cent of all social housing. However, the Council recognises that the condition of many privately owned or rented accommodation is unacceptable and is working to address this.
- 31** Major improvements to the local transport infrastructure have been delivered. The East Lancashire Gateway (Whitebirk roundabout) delivered in partnership with Lancashire County Council, Hyndburn Borough Council and the Highways Agency is helping to reduce congestion and improve road safety. The gateway has also opened up a new 40 hectare employment site which could accommodate a further 3,000 job opportunities. In 2007/08 the Council entered into a contractual partnership with Northgate Kendrick Ash to develop a sustainable long term transport solution for the Borough. Work is underway to upgrade the transport network for road, rail and buses. Car journeys are increasing but progress has been made to increase the number of bus journeys which at around 7,000, represent a rise of over a 1,000 journeys on the previous year. Work on the Todmorden Curve rail link will also help connect the east of Lancashire more effectively to Manchester and its economy.

## How is Blackburn with Darwen Council performing?

### Achieving first class services

- 32** Overall, the Council achieves good value for money with generally high quality services delivered. In this year's audit, the Council's use of resources was rated as good overall with improvements in asset management and the arrangements for managing and improving value for money. However, the use of resources assessment (detailed later in this letter) raised some significant concerns about the adequacy of the Council's internal controls, particularly the Internal Audit function which is still not performing effectively. Stronger governance and systems control are required to support the large number of projects and new initiatives the Council is involved with.
- 33** This year's CPA service assessments demonstrate the Council's continued commitment with partners to deliver high quality services for local people. All of the Council's major service blocks have been judged as good or better. Housing, culture (libraries and leisure) and benefits scores have improved from 3 to 4 (out of 4). Services for children and young people and adults, have strengthened level 3 scores and environment is also rated as good. The improvement in the benefits score is particularly important in a borough with significant levels of deprivation. However, inspections of the Council's services for safeguarding adults and fostering are not as strong – CSCI rated safeguarding services for adults as adequate. Ofsted rated the Council's fostering service as inadequate in September 2008. We note that the Council is working to improve performance in these priority service areas.
- 34** In 2007/08, the Council delivered 87 per cent of the national indicators it prioritised in its Performance Agreement with good performance evident in areas such as benefits, housing and libraries. Satisfaction with trading standards is rising amongst business and consumers. Street cleansing, waste and recycling have achieved charter mark status and the Council achieved a further green flag award following the restoration of Corporation Park. However, analysis of the Audit Commission's basket of performance indicators (PIs) shows a more mixed picture of performance and improvement. Between 2005/06 and 2007/08 the proportion of PIs improving was below the average for all single tier councils. At 52 per cent, the annual rate of improvement is also below that achieved by similar councils and again represents a deterioration on last year when 57 per cent improved. The proportion of PIs in the best quartile is again below average with 57 per cent of comparable PIs amongst the worst nationally. However the Council has more PIs in the top quartile in housing and benefits where very good performance is evident. Comparative performance in areas such as planning, sickness absence, use of hostels and temporary accommodation, private sector homes vacant for more than six months, older people and people with physical and/or mental disability helped to live at home, the condition of footpaths and the percentage of pedestrian crossings with facilities for people with disabilities remains below that of similar councils.
- 35** Performance management arrangements are very good, integrated with financial reporting and support the monitoring and improvement of services. There are good examples of effective scrutiny within the Council and at partnership level. Recent reviews of transport arrangements are projected to save at least £650,000 during 2008/09. Sustainable efficiencies in fleet provision and maintenance have been realised in excess of £200,000 and reviews of transport to day care centres have also saved in the region of £150,000.

### Delivering a fit for purpose organisation

- 36** Leadership and decision making are clear and focus on the right areas. The Management Accountabilities Framework is now more embedded and the approach to risk management is good. Organisational development is a key priority and is being led by the Chief Executive. A People Strategy has recently been agreed including plans for delivery. The Council is the first unitary authority in the North West to complete its pay and grading review; job remodelling helped reduce the number of staff affected by a pay cut following the review. The Council has held investors in people since 2004 and achieved the North West Employers Organisation member development charter in October 2008. The approach to workforce planning is developing although levels of sickness absence remain a challenge and could, if they persist, impact on the Council's ability to deliver all of its highly ambitious strategies and plans.
- 37** The Council has a track record of using alternative service delivery models to enhance capacity, improve performance and reduce costs. The Fit for the Future programme has been used in Adult Social Care to improve quality and value for money (vfm) and early successes have been achieved in relation to home care and residential care home services. The Council is also working with the three East Lancashire NHS Trusts and Lancashire County Council as part of the care service efficiency delivery programme (CSED) to determine the most cost effective ways to deliver services locally. In concluding the five year review of its public/private partnership with Capita, the council has also taken back in-house strategic HR and elements of the ICT service to improve local services and value for money. At the same time, project management and procurement has been strengthened. Asset management continues to improve with a review in progress to identify opportunities for corporate assets to more effectively contribute to the delivery of priorities. In November 2008, the Council's partnership with Capita, won the payroll outsourcing provider of the year award for its pay and reward project.
- 38** The Council has achieved level 3 of the Local Government Equalities Standard, is very close to having a representative workforce, and is representative in terms of members of the communities it serves. Collaboration with a range of partners is helping improve access to job vacancies and recruitment from people reporting a disability and from BME communities has increased in 2007/08. The Support for Ethnic Minority Achievement (SEMA) service is working closely with schools and local services to support children and families of migrant workers, asylum seekers and gypsy, roma and traveller communities helping children settle in and make good progress. The Council has also invested £2.5 million in a new dedicated travellers' site at Ewood to complement existing provision elsewhere in the Borough. Other vulnerable groups such as new arrivals from Eastern Europe and traveller communities receive timely and culturally sensitive support to help them settle and contribute in the community. These achievements are important in a borough with significant and growing BME communities. However, the council has identified that further work is required to better understand the needs of lesbian, gay, bisexual and transgender communities and work is underway to address this.

## How is Blackburn with Darwen Council performing?

- 39** The Council is strengthening its use of ICT to support improvement and vfm. A five year funded 'roadmap' has been developed to help ensure that the function better meets current and future needs. A clear commitment to customer focus is evident and is helping to improve access, using ICT to improve links between front and back office functions as well as extending the range of services accessible through the contact centre. The introduction of the new standpoint data collection system, a case management system in legal services (VisualFiles), an electronic law library and a web enabled registration service (RON) are all helping improve the availability and accuracy of information for service planning, monitoring and management as well as improved accessibility for the public.
- 40** Joint planning and delivery of services is well developed and is helping to deliver economies of scale and boost capacity. The Council continues to work effectively with voluntary, faith and community sectors and joint working between the Council, police, probation and fire and rescue services is delivering improved outcomes particularly within the most deprived communities. Joint services with neighbours such as Hyndburn Council are delivering a range of services including economic development, CCTV and night time noise services, all of which are helping to improve organisational capacity. The Council has been cited as a beacon of excellence for its role in the joint planning and delivery of new children's centres across the Borough ahead of national timescales. In partnership with the six other councils across Pennine Lancashire, work is underway to develop shared services to address staff shortages in individual service areas such as building control and planning which are recognised as suffering from a shortage of skilled/qualified people nationally. These and other initiatives are helping increase Council and partners' capacity to ensure desired outcomes are achieved.

### Tackling Health Inequalities

- 41** 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.
- 42** 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.
- 43** 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.

## How is Blackburn with Darwen Council performing?

- 44 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.
- 45 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

**46** As your appointed auditor I have reported separately to the Audit Committee on the issues arising from our 2007/08 audit and have issued:

- my audit report, providing an unqualified opinion on your accounts and a conclusion on your vfm arrangements to say that these arrangements are adequate on 24 September 2008; and
- my report on the Best Value Performance Plan confirming that the Plan has been audited.

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## Use of Resources

**47** 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).

**48** For the purposes of the CPA we have assessed the Council's arrangements for use of resources in these five areas as outlined in Table 2.

**Table 2**

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

Note: 1 – lowest, 4 = highest

**The key issues arising from the audit**

**49** The Council's performance demonstrates continued improvement in the last year in a number of areas, particularly around financial management and risk management. In most areas the Council performs well and consistently above the minimum requirements. The Council now needs to focus on ensuring Internal Audit is properly resourced and meets professional standards to further strengthen governance arrangements in the Council.

**Financial reporting**

**50** The Council has good financial accounting and reporting arrangements in place. The 2007/08 accounts were produced in accordance with relevant standard and timescales.

**Financial management**

**51** Overall the Council plans and manages its finances well and arrangements have improved further in the last year. The Council has got sound arrangements in place to manage its performance against budgets and also its asset base.

**Financial standing**

**52** The Council manages its finances well keeping spending within available resources. The Council under spent by around £6.5 million in 2007/08 and has a good track record of financial management.

**Internal control**

**53** The Council's internal control environment has been strengthened in the last year and risk management is good. Arrangements to promote and ensure probity and propriety in the conduct of its business remain adequate. However the Council now needs to ensure Internal audit is fully resourced to enable it to meet professional standards.

## The audit of the accounts and value for money

### Value for money

- 54** Overall, the Council achieves good value for money and can demonstrate improvements in priority areas. Sound processes are in place internally for reviewing value for money and have led to improvements. Performance management is robustly managed and effectively integrated within financial reports. Partnership working is strong and effective and has delivered benefits for local communities.

### Data Quality

- 55** The Council's overall management arrangements for data quality remain good and we have assessed them as being above minimum requirements. Action is being taken across the Council to improve data quality, including addressing recommendations made in previous reports. This demonstrates the Council's continued commitment to improving its data quality arrangements. A strong performance culture supported by robust data quality arrangements is clearly documented in the Corporate Plan and actively promoted across the Council. A sustained emphasis on performance management combined with selective detailed checks of Performance Indicators by corporate performance staff is helping to ensure the accuracy of reported data. Nonetheless the Council now needs to:
- strengthen data quality governance and assurance arrangements within partnerships;
  - communicate and more consistently monitor compliance with the corporate data quality strategy and Corporate Minimum Standards (CMS); and
  - ensure the consistent application of corporate processes to prevent further material misstatements being made.
- 56** We tested a sample of performance indicators as part of our review and found few errors in our sample.

### Programmes and Governance

- 57** We have worked with officers over the last year to examine the Council's governance arrangements, report on their effectiveness and assist the Council in ensuring that appropriate systems are in place together with effective project and programme management. Our work mainly focussed on the Management Accountabilities Framework, which was introduced in April 2007, together with other key council initiatives, such as, the partnership with Capita and Elevate.
- 58** Although the Management Accountabilities Framework (MAF) has only been in place since April 2007, its impact on the Council's governance arrangements has been good so far and is continuing to develop. The process has required each department, together with their various services, to report quarterly on progress against operational plan priorities, performance against key indicators and financial and risk management. Compliance with the process is good and it has improved since the first two quarters, with all departments now regularly submitting returns. The quality of these returns is generally good, and improving. As a result of the widespread commitment to MAF the Council is well placed to develop its impact.

- 59** We found good use of MAF by departments to focus on strategic and operational issues but the involvement of service managers is mixed. Without a consistent level of involvement of service heads it is difficult to maximise the opportunities for service and organisational improvement.
- 60** We found also that the Council has improved its approach to project and programme management, although it recognises that much remains to be done to fully embed the approach
- 61** In other areas the Council undertook a 5-year review of its partnership with Capita. A review of partnership governance arrangements identified the Council had improved these arrangements, although there is still room for further improvement. A number of recommendations have been made to strengthen existing arrangements, in particular implementing a new governance structure and implementing a review of internal client management arrangements. As a result of the five year review both Strategic Human resources and information Technology have been brought back in house.
- 62** The Audit Commission has assessed the performance of the nine Housing Market Renewal Pathfinders. This has involved a six monthly performance reviews as well as reviews of strategies and investment programmes. The Audit Commission has assessed Elevate as performing well and that its business plan had appropriate governance arrangements.
- 63** Following our review of programmes and governance we have agreed an action plan with officers and the implementation of our recommendations should further help to strengthen governance arrangements, particularly around the MAF process.

## Looking ahead

- 64** 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.
- 65** 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.
- 66** 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 aspects of each area's Local Area Agreement

# Closing remarks

- 67** This letter has been discussed and agreed with the Chief Executive. A copy of the Letter will be presented at the Audit Committee on 22 April 2009. Copies need to be provided to all Council members.
- 68** 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**

<b>Report</b>	<b>Date of issue</b>
Audit and inspection plan	March 2007
Programmes and Governance	July 2008
Annual Governance Report	September 2008
Opinion on financial statements	September 2008
Value for money conclusion	September 2008
Final accounts memorandum	October 2008
Use of Resources	December 2008
Data Quality (Draft)	December 2008
Corporate Assessment	January 2009
Annual audit and inspection letter	March 2009

- 69** 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.

## Closing remarks

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### Availability of this letter

**70** 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.

**Clive Portman**  
**District Auditor**

**Tom Keena**  
**CAAL**

March 2009

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# 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.

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.

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