

Annual Audit and Inspection Letter

March 2008



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Barnsley Metropolitan Borough Council

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

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

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

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

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

Status of our reports

This report provides an overall summary of the Audit Commission's assessment of the Council, drawing on audit, inspection and performance assessment work and is prepared by your Relationship Manager.

In this report, the Commission summarises findings and conclusions from the statutory audit, which have previously been reported to you by your appointed auditor. Appointed auditors act separately from the Commission and, in meeting their statutory responsibilities, are required to exercise their professional judgement independently of the Commission (and the audited body). The findings and conclusions therefore remain those of the appointed auditor and should be considered within the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission.

Reports prepared by appointed auditors are:

- prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission; and
- addressed to members or officers and prepared for the sole use of the audited body; no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

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Key messages

- 1 Barnsley Metropolitan Borough Council is taking effective action to improve in priority areas and this is delivering some good results for local people, particularly vulnerable older people. However, improving cultural services remains a challenge and continuing issues within planning have resulted in further deterioration in the processing of major planning applications.
- 2 The Council has worked well in partnership with other agencies to support local communities to improve their quality of life by continuing to improve prospects for its residents through better educational attainment, job creation and health. Starting from a low base, the Council is closing the gap on GCSE results and is significantly reducing the number of young people that are not in education, employment or training.
- 3 The Council is co-ordinating its plans and is working to improve its capacity by modernising its working practices and establishing a structure which will enable improved access to services and allow residents to engage more fully in the decision making process.
- 4 The Council has recognised the benefits of a positive approach to diversity and community cohesion as the number of new migrants has increased and has developed its approach to ensure that all residents have appropriate access to services.

Action needed by the Council

- 5 The main issues for the Council to address which are included in this report are as follows:
 - as highlighted last year the Council needs to continue to develop its approach to cultural services to identify ways of improving the quality and effectiveness of the service as it seeks to address the recommendations identified by the regional cultural commentary assessment;
 - action must be taken to address the continuing issues within planning which have resulted in a further deterioration in the processing of major planning applications which already took significantly longer in Barnsley than elsewhere; and
 - the inclusion of detailed timescales for implementation within all strategies and plans would further improve their effectiveness, enabling better monitoring of progress and the early identification of any slippage.

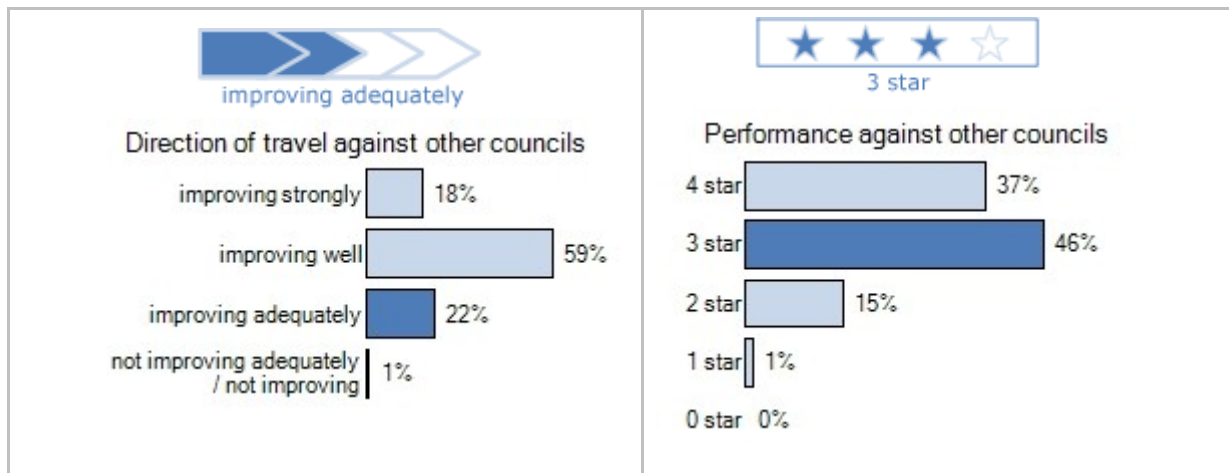
Purpose, responsibilities and scope

- 6 This report provides an overall summary of the Audit Commission's assessment of the Council. It draws on the most recent Comprehensive Performance Assessment (CPA), the findings and conclusions from the audit of the Council for 2006/07 and from any inspections undertaken since the last Annual Audit and Inspection Letter.
- 7 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.
- 8 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.
- 9 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.
- 10 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.
- 11 We have listed the reports issued to the Council relating to 2006/07 audit and inspection work at the end of this letter.

How is Barnsley Council performing?

- 12 The Audit Commission's overall judgement is that Barnsley Metropolitan Borough Council is improving adequately and we have classified Barnsley Metropolitan Borough Council as 3 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



Source: Audit Commission

- 13 The detailed assessment for Barnsley Council is as follows.

Our overall assessment - the CPA scorecard

Table 1 CPA scorecard

Element	Assessment
Direction of Travel judgement	Improving adequately
Overall	3 star
Corporate assessment/capacity to improve	3 out of 4
Current performance	
Children and young people*	3 out of 4
Social care (adults)*	4 out of 4
Use of resources*	3 out of 4
Housing	4 out of 4
Environment	2 out of 4
Culture	2 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

What evidence is there of the Council improving outcomes?

- 14 Overall the Council is taking effective action to improve services in priority areas and this is delivering some positive results. The Council is proactive in ensuring that its actions address wider community outcomes by working in partnership with other organisations and through seriously engagement with 'hard to reach' groups within the Borough. Action on diversity and equalities has been given added importance as the number of new migrants has increased significantly.
- 15 Improving educational attainment is a key priority in Barnsley and improvement has again been made at GCSE level. However, like most of the South Yorkshire Boroughs, Barnsley is starting from a low base and levels of attainment remain in the lowest quartile. However, the Council is beginning to close the gap between itself and other councils and its success rate at obtaining 5 GCSEs (grade A-C) improved from 49 per cent to 53 per cent in summer 2007.

- 16 The Council has sought to ensure that it targets its resources effectively to meet local needs and priorities. A range of measures is now in place to help identify local needs. These include detailed information about the views of people in local areas from the 'Think Local' Survey. This survey enables views to be analysed to the detailed level of neighbourhoods. The role of local forums is also being enhanced to improve local democratic engagement. The areas have small budgets that can be applied to provide a quick response to local issues as they arise.
- 17 In response to an identified priority need the Council has invested in the refurbishment of the Central Library and others which were closed for a period for refurbishment during 2006/07. There are already indications that this is leading to better use of the facilities. However, cultural services have not been a priority within the Council and this is reflected in the other indicators where the Council's performance is below the lower threshold. The Council needs to consider how to respond to the challenges that remain within culture as it addresses the recommendations identified by the Government Office Yorkshire & Humber Regional Cultural Commentary assessment.
- 18 Performance in processing major planning applications has also dropped and this has adversely affected the environment service block score. For the last few years the Council has had issues within planning which continue to impact on the speed of processing application forms. Performance in 2006/07 was significantly slower compared with other councils and against the Council's own previous performance, with only 40 per cent of major applications being determined within 13 weeks.
- 19 Improving transport arrangements and reducing congestion is included as a priority for the Council within its CPA implementation plan. The need for improvement in public transport was reinforced with indicators for 2006/07 showing low levels of public satisfaction with transport information and bus services. However, recent indications are that investment by the main bus operator is leading to improving customer satisfaction in the current year.
- 20 The Council plays an important role in supporting improvement and sustainability in wider community outcomes and the Council is taking action to ensure new housing is created in a sustainable way. In 2006/07 the Council increased the number of new homes built on previously developed land from 63 per cent to 72 per cent. This change is particularly significant because of the changing demographic profile and, social composition of the borough.
- 21 As the number of new migrants has increased the Council has recognised the benefits of a positive approach to diversity and community cohesion. It has continued to develop its approach to ensure that all residents have appropriate access to services. Specific improvements include increases in the proportion of BME staff employed in key roles within the Council, and the development of multi-lingual booklets and websites explaining how to access the Council's and wider public services. The website includes pages in Eastern European languages and the Council has evidence that potential migrants are accessing this information prior to travelling to Barnsley.

- 22** The Council has embarked on a process of restructuring to improve opportunities for residents to gain access and to participate in decision making in their local communities. A newly created Neighbourhoods Directorate has been agreed and will be established on 1 April 2008. The Council has also recognised that some long standing residents are at risk of exclusion from positive participation in their communities. Special action has been targeted at individuals that would otherwise be excluded from schools and a range of innovative alternative provision developed. This has had a real impact on helping to reduce the number of young people that are not in education, employment or training (NEET). In 2004/05 14 per cent of Barnsley people aged between 16 and 18 years were NEET. In 2006/07 this reduced to 11 per cent. By October 2007 the rate of NEETs had reduced further to 7.7 per cent. Cutting rates by almost 50 per cent is a significant achievement in this area.
- 23** The Council understands that young people, more widely, are at risk of not engaging with the democratic processes. Therefore it has taken action to engage with them using less traditional methods such as combining entertainment and fun events with consultation. This approach was used very effectively to obtain young people's views about the redevelopment of the Civic centre. The feedback received has influenced the plans for the redevelopment.
- 24** Ofsted has reported this year that the Council consistently delivers services that are above minimum requirements in helping to improve outcomes for children and young people and recognised that they are given an excellent opportunity to participate in decision making. The Council has responded positively to the recommendations made as a result of its Joint Area Review. Action is still required to reduce the number of teenage pregnancies in the borough and to ensure that all children in need of services are allocated a social worker. Ofsted has recognised that the Council has good capacity to improve. The Council is making good progress to develop the management structures for the delivery of children's services and to ensure that skill gaps and competencies for multi agency working are addressed.
- 25** CSCI have judged this year that the Council's ability to deliver outcomes for people in need of adult social care is excellent and that the Council's capacity to improve is promising. CSCI recognises the Council's good working relationship with Barnsley Primary Care Trust and their joint commitment to improving the health of the population. The Council makes a good contribution to people's improved health and emotional well being and an excellent contribution to improving the quality of people's lives. The Council's capacity to improve is promising and is based on the Council's adoption of a vision to promote health, independence and well being under the auspices of 'Every Adult Matters'.

- 26 The Benefits Fraud Inspectorate has rated the Council's overall performance as having improved from good to excellent and has awarded the Council a top score of 4. The Council has made improvement across all performance measures for claims processing. This improvement was expected following the introduction of a new IT system last year which had caused a temporary dip in performance; the time taken to process new claims has now improved. The Council has continued to demonstrate its effectiveness in detecting and preventing benefit fraud and the Council's system was enhanced to ensure that fraud investigations could be sifted and tracked effectively. However, the Benefits Fraud Inspectorate has stated that the Council's most significant area of improvement was in developing its user focus; access to the service has improved and improvement has been made in the appeals process.

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

- 27 The Council has ensured that its strategies and plans fit together and are matched with partners' plans. The Council has made good progress with the implementation of plans, but a lack of detailed timescales hinders progress in some areas. The Council has invested a lot of effort to improve its own capacity. Developments such as new office facilities, workforce planning and staff consultation are elements of the Council's approach to modernisation. There are no corporate governance failings that would prevent continued improvement.
- 28 Although the Council is making good progress with its improvement plans there are still some areas of concern. The Council has 28 per cent of performance indicators in the best quartile compared with an average of 29 per cent nationally, however, the Council's rate of improvement in the Audit Commission's basket of indicators is below average. In 2006/07 56 per cent of Barnsley's indicators improved. This compares with an average improvement of 62 per cent nationally.
- 29 The alignment of the Council's strategies and plans is achieved through the overall outcome framework. New plans, for example the draft gender equality scheme are explicitly linked to specific objectives within the outcome framework. Examples of linkages to framework objectives within the scheme include women's fear of violent crime and boys' educational achievement.
- 30 The Council has recognised that it needs to co-ordinate the delivery of its improvement objectives. By delivering a range of services in partnership the Council will be able to use its scarce resources most effectively. A practical example of this is the plan to build new schools. The Council has agreed that these buildings will be community facilities covering a range of objectives in addition to young people's educational attainment. The funding arrangements for the new buildings include prudential borrowing by the Council and private sector finance.

- 31** The Council is developing its plans by applying learning from existing projects to help improve services throughout the Borough. The approach to neighbourhood management in Kendray was awarded 'Partnership of the Year' in 2005 by ODPM and is being adapted for roll out in other neighbourhoods within Barnsley. In five years this approach transformed the area from an undesirable estate with 250 vacant houses to a place where people want to live and where a private sector company has had the confidence to build new houses. The Council is realistic about the amount of resource available to roll out the programme across the whole of Barnsley. It has applied the learning from the initial project, and created a new programme 'Neighbourhood Elements'. This captures the most successful features of the original project, but requires fewer resources.
- 32** In response to its corporate assessment the Council produced an implementation plan. Overall the Council has implemented or is implementing the majority of the actions in this plan. Some of the timescales within the plan are not precise and therefore it is difficult to fully assess whether completion is in proceeding in accordance with intended timescales. Positive improvements include: creating a workforce development plan; setting up a staff survey; developing a coherent approach to equalities; creating stronger engagement with young people and people that speak a language other than English; and reducing the number of people at risk of social exclusion. Areas that still require further improvement include: obtaining higher staff appraisal rates; and developing an agreed set of indicators that includes costs and VFM which can be developed now that the national indicator set has been established.
- 33** Increasing capacity, without massively increasing expenditure, is a challenge that the Council has addressed very effectively. It has increased capacity by building relationships with partners such as Health and schools in order to deliver services more effectively. Members have also responded very positively and aimed to increase their own capacity through training and peer mentoring. This has enabled members to lead local work on improving democratic engagement. Members have also made a very positive contribution in encouraging local people to become involved in their communities.
- 34** Officers within the Council have been more empowered to make decisions on a delegated basis. This is particularly important in Re-Making Barnsley where the ability to make decisions within partnership meetings has significantly improved the rate of progress. Increasing delegation brings benefits but also carries some risks. The establishment of a new directorate to co-ordinate the activities in the neighbourhoods of Barnsley will provide new impetus to the work which is already in progress.

The audit of the accounts and value for money

- 35 Your appointed auditor has reported separately to the Audit Committee acting as TCWG on the issues arising from the 2006/07 audit and has issued:
- an audit report, providing an unqualified opinion on your accounts and a conclusion on your vfm arrangements to say that these arrangements are adequate on 28 September 2007; and
 - a report on the Best Value Performance Plan confirming that the Plan has been audited.

Use of Resources

- 36 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).
- 37 For the purposes of the CPA your auditor has assessed the Council's arrangements for use of resources in these five areas as follows.

Table 2

Element	Assessment
Financial reporting	3 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

- 38** The Council has continued to strengthen its arrangements for ensuring value for money in its use of resources. All five theme areas are now assessed as 'consistently above minimum requirements - performing well' (level 3).
- 39** Arrangements for internal control have improved following full implementation of the SAP system. Financial and risk management arrangements continue to strengthen, with the Council operating 'well above minimum requirements' (level 4) on budget management and approaching this level on medium term financial planning and risk management. Production of the annual accounts has also improved.
- 40** The Council has improved arrangements for managing and improving value for money but needs to do more on benchmarking of costs and performance with other councils to progress further. Further proactive anti-fraud and corruption work and promotion of good conduct is required to move this part of the internal control assessment forward.

Data quality

- 41** For 2006/07 onwards the Audit Commission developed a new approach to the audit of performance indicators in Local Government. It is a broader piece of work than the previous BVPI review and focuses upon the Council's arrangements to ensure data quality (DQ).
- 42** Your auditors 2007 review concluded that:
- overall the Council's arrangements for data quality meet the required minimum requirements. Your auditors identified some areas for improvement in their 2006 review, and progress is underway to implement the agreed actions. In particular, new and detailed policy and guidance has been introduced. The Council recognises that it needs to roll out these arrangements across the Council to demonstrate that they are embedded. The Council also needs to improve system processes to minimise the extent of data manipulation required to produce many PIs;
 - completeness checks on the published performance indicators revealed no significant issues; and
 - detailed testing of a sample of six indicators identified a material issue with the cost per library visit indicator. It was ultimately decided by the Audit Commission that was not possible to agree a meaningful figure for this indicator in 2006/07 and it was agreed that the best option in the circumstances was to revert to the value used in 2005/06 for the purposes of calculating the Council's service score.

Looking ahead

- 43 The public service inspectorates are currently developing a new performance assessment framework, the Comprehensive Area Assessment (CAA). CAA will provide the first holistic independent assessment of the prospects for local areas and the quality of life for people living there. It will put the experience of citizens, people who use services and local tax payers at the centre of the new local assessment framework, with a particular focus on the needs of those whose circumstances make them vulnerable. It will recognise the importance of effective local partnership working, the enhanced role of Sustainable Communities Strategies and Local Area Agreements and the importance of councils in leading and shaping the communities they serve.
- 44 CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate annual area risk assessment and reporting performance on the new national indicator set, together with a joint inspectorate annual direction of travel assessment and an annual use of resources assessment. The auditors' use of resources judgements will therefore continue, but their scope will be widened to cover issues such as commissioning and the sustainable use of resources.
- 45 The first results of our work on CAA will be published in the autumn of 2009. This will include the performance data from 2008/09, the first year of the new Local Area Agreements.

Closing remarks

- 46 This letter has been discussed and agreed with the Chief Executive. A copy of the letter will be presented at the audit committee on 21 April 2008. Copies need to be provided all Council members by the end of March.
- 47 Further detailed findings, conclusions and recommendations on the areas covered by audit and inspection work are included in the reports issued to the Council during the year.

Table 3 Reports issued

Report	Date of issue
Audit and inspection plan	March 2006
Annual Governance Report	September 2007
Opinion on financial statements	September 2007
Value for money conclusion	September 2007
Annual audit and inspection letter	February 2008

- 48 The Council has taken a positive and constructive approach to audit and inspection work, and both I and your outgoing appointed auditor wish to thank the Council's staff for their support and cooperation during the year. I look forward to working with you as your appointed auditor from 2007/08.

Availability of this letter

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

Sue Sunderland
Relationship Manager

March 2008