

AUDIT AND GOVERNANCE COMMITTEE

27 MARCH 2009

AUDIT COMMISSION - ANNUAL AUDIT AND INSPECTION LETTER 2007/2008

Report of Chief Executive and City Treasurer

1. Purpose of Report

- 1.1 To present the findings of the Audit Commission's Annual Audit and Inspection Letter for 2007/2008 to the Audit and Governance Committee (copy at Appendix 1). This letter provides an overall evaluation of the Council's achievements having regard to the Council's Comprehensive Performance Assessment (CPA) rating for 2008 including its corporate, financial and service performance and consideration of its plans for continuous improvement.

2. Background

- 2.1 The Audit Commission, under the direction of Comprehensive Area Assessment Lead and District Auditor, prepares an annual statement which provides an overall summary of the Audit Commission's assessment of the Council, drawing on audit, inspection and performance assessment work. The statement also summarises the findings and conclusions from the statutory audit. The Annual Audit and Inspection Letter covers the period from April 2007 to March 2008.
- 2.2 The Annual Audit and Inspection Letter provides an overall 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 2007/2008, the outcomes of other inspections and regulatory activity and on the Council's Direction of Travel judgement for 2008.
- 2.3 The Annual Audit and Inspection Letter also contains the Council's Comprehensive Performance Assessment (CPA) scorecard for 2008 setting out its star rating score and its direction of travel rating which judge the performance of the Council and its services and the strength of plans for the future.

3. Key Messages

- 3.1 The Annual Audit and Inspection Letter confirms the outcomes of the Comprehensive Performance Assessment 2008 framework; that Sunderland has maintained its rating as a Four Star Council, the highest rating and is "improving well" in its Direction of Travel. The letter confirms that the Council continues to improve outcomes for local people with specific improvements to:

- prosperity through the development of most key regeneration sites and attaining one of the highest employment growth rates in the country;
 - education attainment at most key stages;
 - people are healthier; fewer people smoke;
 - new Aquatic centre is helping vulnerable groups become healthier;
 - crime rates are lower, less young people are re-offending and domestic violence is being tackled;
 - streets are cleaner and the recycling and composting rates have improved although remaining below average.
- 3.2 This years Direction of Travel assessment which indicates the progress being made to achieve improvement assessed the Council as ‘improving well’ identifying improvements to equality, sustainability, the Council’s scrutiny function, asset management and the Council’s performance management arrangements. The letter also indicates that the council has a clear focus on the needs of hard to reach and excluded groups.
- 3.3 The assessment confirms that good value for money is delivered as a result of strong financial management resulting once again in the maximum score in the use of resources judgement and notable practice has been identified in a number of areas. Unqualified opinions have been issued on the 2007/2008 accounts and value for money arrangements and on the Best Value Performance Plan.
- 3.4 The Annual Audit and Inspection Letter draws attention to the need to continue to develop the following areas:
- complete its whole city regeneration masterplan, including focus on small businesses, reinvigorating the City centre and key sites; and addressing the impact of the recession;
 - ensure the actions it and its partners are taking to reduce health inequalities experienced by people in Sunderland are effective;
 - ensure all scrutiny committees are able to demonstrate that they are making a clear contribution to performance management;
 - further develop its asset management strategies to make clear how assets are being used to deliver corporate priorities;
 - in promoting equalities develop local outcome targets with specific commitments to improve services for local people.
- 3.5 The Council is committed to improvement in these areas and is integrating improvement activity for the areas for development into existing performance management mechanisms and including reviewing progress through the corporate performance monitoring processes. The council has agreed further work with the Audit Commission for equalities, scrutiny and performance management as part of its improvement work.
- 3.6 The overall CPA four star assessment places the Council as one of the top performing councils in the country with 42% of the 150 Single Tier and County Councils given a four star rating. For the first time the Council has maintained

a minimum performance of 3 across all of its service scores with Adult Social Care and Benefits achieving a maximum score of 4.

- 3.7 This is the last year the Council will receive a Comprehensive Performance Assessment (CPA) judgement as Comprehensive Performance Assessment (CPA) is due to be replaced by the new performance framework for the public sector, the Comprehensive Area Assessment (CAA), from April 2009.
- 3.8 Since the Comprehensive Performance Assessment (CPA) was introduced in 2002 the Council has achieved the highest 4 star/excellent rating every year. The Audit Commission have acknowledged Sunderland as one of only 13 councils nationally to achieve the highest rating every year during the full seven years of Comprehensive Area Assessment. The Council's achievement includes the introduction of the Harder Test CPA in 2005.
- 3.9 The Council's scorecard and full annual analysis is set out in the table below

CPA Year	CPA Rating	Corporate Assessment Score	Library and Leisure	Culture	Education	Children's Services	Adult Services	Environment	Housing	Benefits	Use of Resources
2002	Excellent	4	4	N/A**	3	3***	3	3	3	4	4
2003	Excellent	4	4	N/A	3	3	3	2	3	4	4
2004	Excellent	4	4	N/A	3	3	3	3	3	4	4
2005	4 Star****	4	N/A	4	N/A	3	3	2	3	4	3
2006	4 Star	4	N/A	3	N/A	3	3	2	4	4	4
2007	4 Star	4	N/A	3	N/A	3	4	3	3	4	4
2008	4 Star	3	N/A	3	N/A	3	4	3	3	4	4

NB: all scores rated on scale 1 – 4 (4 being the highest)

** Culture assessment did not come into force until 2005.

*** Separate Education and Children's Social Services assessments were undertaken until 2005. From 2005 a single Children's Services assessment undertaken.

**** Harder test CPA introduced in 2005 and new 'star' ratings introduced.

	Direction Of Travel						
CPA Year	2002	2003	2004	2005	2006	2007	2008
	N/A*	N/A	N/A	Improving Well	Improving Well	Improving Well	Improving Well

NB: Direction of travel introduced in 2005.

3.10 The scores at a regional level and year on year trends are as follows:

Table : CPA Categorisations 2008 – North East Single Tier and County Councils

North East Councils	Star rating			Direction of Travel		
	2008	2007	Trend	2008	2007	Trend
Darlington	4 stars	4 stars	↔	Improving strongly	Improving well	↑
Durham	4 stars	4 stars	↔	Improving well	Improving well	↔
Gateshead	3 stars	4 stars	↓	Improving well	Improving strongly	↓
Hartlepool	4 stars	4 stars	↔	Improving strongly	Improving strongly	↔
Middlesbrough	4 stars	4 stars	↔	Improving strongly	Improving strongly	↔
Newcastle	2 stars	3 stars	↓	Improving well	Improving well	↔
North Tyneside	3 stars	3 stars	↔	Improving well	Improving strongly	↓
Northumberland	4 stars	4 stars	↔	Improving well	Improving well	↔
Redcar & Cleveland	2 stars	4 stars	↓	Improving well	Improving well	↔
South Tyneside	4 stars	4 stars	↔	Improving strongly	Improving well	↑
Stockton on Tees	4 stars	4 stars	↔	Improving well	Improving strongly	↓
Sunderland	4 stars	4 stars	↔	Improving well	Improving well	↔

KEY: ↑ Improved Rating ↔ No Movement ↓ Rating Dropped

4. Recommendations

4.1 Members are asked to consider the Audit Commission's Annual Audit and Inspection Letter.