

Annual Audit and Inspection Letter

Salford City Council

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As an independent watchdog, we provide important information on the quality of public services. As a driving force for improvement in those services, we provide practical recommendations and spread best practice. As an independent auditor, we ensure that public services are good value for money and that public money is properly spent.

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:

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Our overall summary

- 1 This letter provides an overall summary of the Audit Commission's assessment of the Council. It draws on the findings and conclusions from the audit of the Council, from the Corporate Assessment and the Joint Area Review of Services for Children and Young People which were both reported in April 2006 and from a wider analysis of the Council's performance and its improvement over the last year, as measured through the Comprehensive Performance Assessment (CPA) framework.
- 2 This letter is addressed to the Council. In particular it has been written for councillors, but is available as a public document for stakeholders, including members of the community served by the Council.
- 3 Our Direction of Travel report is included in this letter. The main messages are summarised as follows.

The Council is making good progress in most priority areas, but this is not matched by solid improvement in all services. Environmental and cultural services show scope for improvement in some areas. However, performance in housing services has improved. By working effectively with its partners the Council is making an effective contribution to wider community outcomes. Good improvement is being made in regenerating the local economy, and the number of 16-18 year olds in training, education or employment is increasing. Independence for older people is well promoted and is improving. Improvements in the levels of educational attainment and school attendance are being sustained albeit from a low base, and the gap between best and worst performing schools is narrowing. Performance in benefits administration declined this year, but prospects for regaining the previous level of achievement are promising. User satisfaction with council services generally is mixed. The Council has improved the way it works, is well managed, and has good capacity to deliver its future improvement plans.

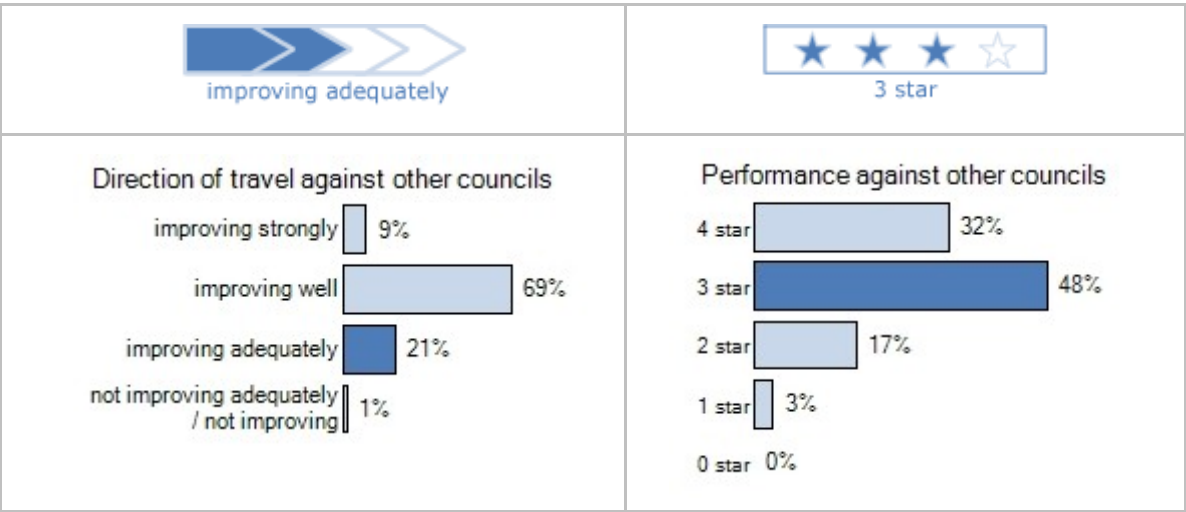
Action needed by the Council

- 4 The recommendations and priorities for improvement arising from our work have already been reported in the Corporate Assessment and in the other reports which are referred to in this letter. The Council needs to ensure that appropriate action is taken on these matters.
- 5 Specific issues that have arisen out of this year's CPA review which the Council will need to determine its response to, include:
 - the feedback from the user satisfaction survey which shows mixed results for services and that overall user satisfaction has declined since 2003/04; and
 - the opportunity for improving environmental and cultural services given the overall performance ratings have reduced from 3 last year to 2 this year.

How is Salford City Council performing?

- 6 The Audit Commission's overall judgement is that Salford City Council is improving adequately and we have classified Salford City Council as three stars 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.

Table 1



Source: Audit Commission

- 7 The detailed assessment for Salford City Council is as follows.

Our overall assessment - the CPA scorecard

Table 2 CPA scorecard

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

(Note: 1 = lowest, 4 = highest)

The improvement since last year - our Direction of Travel report

- 8 This Direction of Travel report draws on the Corporate Assessment (CA) in 2006, work of other regulators, the Council's self assessment and relevant performance data, including user satisfaction.
- 9 The Council and its partners are working towards the clear priorities based on the seven community themes which are set out in the community plan. To ensure the Council plays its part in developing the strategic aims of the plan it has developed seven pledges which are aligned with the community themes.
- 10 The CA rated the Council as performing well. The report commented on the evidence of strong partnership working and community leadership. In addition inspectors found evidence of good work in meeting the challenge of understanding and responding to the needs of ethnic and hard to reach groups of the city.

- 11 Since the CA, the Council has made good progress in most priority areas, but this is not matched by solid improvement in all service areas. More recent data shows housing has improved whilst culture and environment scores have declined measured against the new 'harder test' criteria. Performance in the benefits service also declined, however new systems are now bedding in and the Council expects to regain its previous level of performance. In addition, user satisfaction with services is mixed, and people are less satisfied with the Council overall than they were in 2003/04.
- 12 The Council has worked effectively in partnership with older citizens, health agencies and the independent and voluntary sector in Salford to develop a vision to provide a support system for people who are growing older in the city, with many people being helped to remain at home. The Council has secured a top rating from the Commission for Social Care Inspection for adult and older people's services.
- 13 The Council's community safety partnership has exceeded its own targets for reducing vehicle crime, criminal damage and domestic burglary. Over the past two years vehicle crime has been reduced by 10 per cent, criminal damage by 6.42 per cent, domestic burglary by 41.6 per cent and robberies by 24.4 per cent. These are all positive outcomes for citizens. Overall crime levels, whilst improving, are still high and there is concern that longer term targets may not be met.
- 14 Community engagement is good, for example in work with older people and children and young people. One such example is the Council's work in conjunction with Age Concern which has developed an innovative 'age-proofing toolkit'. Representatives of the older people's forum scrutinise a wide range of services in the city to ensure they meet the needs of older people. The Council has embraced the greater involvement of children and young people in local democratic processes. The new Children and Young People's Partnership board includes a representative number of young people, some of whom are from vulnerable groups such as those with learning difficulties and/or disabilities
- 15 The Council has taken positive steps in relation to economic regeneration, leading to increased business investment and job opportunities, and improved community outcomes. As a result of the efforts of the Council and its partners the employment rate is continuing to rise; there are now more than 10,000 people employed in Salford Quays which is more than worked there when it was an operational dockyard.
- 16 The Council has also achieved increases in the number of 16-18 year olds in education, employment and training from 75.4 per cent in November 2003 to 83.8 per cent in 2004 and 86.6 per cent in 2005.
- 17 Salford has the most improved on five A* - C GCSE pass rates in Greater Manchester and one of the most improved nationally, and three secondary schools have shown a rise of more than 20 per cent.

- 18 The gap between the highest and lowest performing schools has been narrowed. However, the Council recognises that although improvement is being achieved, it was starting from a low base, and there is more to do to bring performance up to national levels across all age groups.
- 19 The CA noted areas for improvement, including continuing to maintain the improvements it has made to educational attainment, improving the proportion of homes meeting the decent homes standard, the need for better corporate management of HR, further develop work with ethnic and hard to reach groups and finally the need to make better use of information and research.
- 20 The Council's performance in culture has not improved in line with other councils. Particularly, the recent satisfaction survey demonstrated that users were becoming more dissatisfied with parks and open spaces and sports and leisure facilities.
- 21 Performance in some environment areas has declined even though this is one of the Council's priority areas. For example, levels of street cleanliness are comparatively low and an area of public dissatisfaction.
- 22 The local government Ombudsman's report notes that although the number of complaints has remained constant since last year, the timeliness of the Council in responding to requests for information has deteriorated.

Service inspections

- 23 No service inspections have been conducted by the Audit Commission in the period covered by this letter.
- 24 An important aspect of the role of the Relationship Manager is to work with other inspectorates and regulators who also review and report on the Council's performance. Relationship Managers share information and seek to provide 'joined up' regulation to the Council. During the last year the Council has received the following assessments from other inspectorates.
- 25 The Commission for Social Care Inspection (CSCI) assessed Adult Social Care to be serving adults well and with excellent prospects for future improvement for a second year running. Salford is one of only 13 councils in England to have achieved this rating.
- 26 The Benefit Fraud Inspectorate judged that the Council were providing a good service, although this was down from last year's excellent rating. New systems had impacted on the time to process claims and appeals had risen. There was deterioration in user focus indicators, particularly around the time taken to consider appeals. The Council has subsequently increased capacity in this area and is confident of regaining previous levels of performance.

- 27** The Council's Children and Young Peoples Services were inspected as part of the Joint Area Review conducted by a multi inspectorate team, consisting of the Healthcare Commission, OFSTED, CSCI, the Adult Learning Inspectorate (ALI) and the Audit Commission. Services were assessed to be at least achieving adequate outcomes for most young people in Salford and were improving in a number of key areas. Prospects for further improvement were judged to be good.
- 28** Key messages from these assessments have been incorporated into the Direction of Travel report set out earlier in this letter.

Financial management and value for money

- 29** As your appointed auditor I have reported separately to the Accounts Committee (September 2006) on the issues arising from the 2005/06 audit and have provided:
- an unqualified opinion on your accounts;
 - a conclusion on your vfm arrangements to say that these arrangements are adequate; and
 - a report on the Best Value Performance Plan confirming that the Plan has been audited.
- 30** In my report to the Accounts Committee I again drew attention to the Council's accounting treatment relating to treasury management issues and that these matters had still not yet been resolved. If the Audit Commission's favoured method of accounting treatment had been used this would have resulted in an additional charge to the General Fund over the past two years totalling about £2.9m. I advised members that they needed to be aware that there was a continuing risk that this issue could adversely impact on the General Fund revenue budget depending on the outcome of this matter.
- 31** The DCLG and CIPFA have recently been consulting with relevant bodies on the above issues and it is anticipated that there will be new regulations and guidance (effective from 1 April 2007) which will clarify these matters. The Head of Finance has recently updated the Budget Scrutiny Committee on the latest position.
- 32** 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).

- 33 For the purposes of the CPA we have assessed the Council's arrangements for use of resources in these five areas as follows.

Use of Resources - assessments

Table 3

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

Note: 1 = lowest, 4 = highest.

- 34 An overall Use of Resources score of '3' means the Council is performing well.
- 35 The only change from last year's scores is that the internal control element improved to a 3, compared with last year when it was scored as a 2. Specific improvements which have been made since the 2005 assessment include the setting up of a new Audit Committee (which has been constituted in line with the core functions recommended by CIPFA) and the strengthening of members' review and approval of the Statement on Internal Control. Systems of internal control are generally sound and risk management arrangements have continued to be embedded throughout the organisation. The work of the Investigation Panel was acknowledged as notable practice and has been included in the Audit Commission's database for other authorities to consider.
- 36 A report which summarises the judgements and identifies the improvement opportunities has been provided to the Chief Executive and Strategic Director of Customer and Support Services. The improvement opportunities include the following:
- council tax collection needs to significantly improve;
 - planned reductions in schools' budget deficits need to be achieved;
 - work on the partnership database needs to be completed and embedded in the Council's overall control framework; and
 - the impact and outcomes from the vfm self-assessments need to be evaluated and demonstrate how this process is contributing to continuous service improvement.

Cross cutting work

37 During the year three cross cutting projects were delivered across all audited and inspected bodies in Greater Manchester. These were:

- Health Inequalities;
- Children's placements; and
- Social Needs Transport.

Salford City Council participated in and benefited from each of these projects.

Health inequalities

38 Greater Manchester has one of the lowest life expectancies in the country. We have undertaken a review of the arrangements in place across Greater Manchester to address health inequalities. The review has involved 41 organisations including primary care trusts, acute and mental health trusts, local authorities and the Strategic Health Authority.

39 This work is now complete; the key issues that we reported are:

- Collaboration – Greater Manchester is moving in the right direction;
- Greater Manchester knows what the health inequalities issues are;
- there is no health vision for Greater Manchester and a lack of champions; and
- concerted, radical action is required to make a difference and reduce the health inequalities gap.

40 The Greater Manchester for Health launch event 'Everybody's Business' was held on 7 December 2006 where all public sector organisations across Greater Manchester signed up to a public pledge to address health inequalities. The main recommendations are:

- ensure non-executive directors (NEDs) and members are equipped to challenge in a robust manner;
- ensure policy decisions are considered in light of their impact on health inequalities;
- recognise the potential of a well organised Directors of Public Health (DPH) group informed by public health intelligence at a Greater Manchester level;
- ensure commissioning capacity is available to engage in a wider range of activities to inform decisions;
- embrace corporate responsibility; and
- define the health leadership group and its terms of reference.

41 Our final report was issued in February 2007 and a follow up review is planned in early 2008 to monitor progress with the implementation of these high level recommendations.

Children's placements

- 42** Placements of looked after and special needs children in external accommodation can be costly and may not provide the best outcomes for children. Our review examined the significant attention by the authority and other Greater Manchester colleagues on the challenge of improving the value for money of children's placements. In particular we reviewed the AGMA 'Outside Placements and Joint Commissioning Unit' and piloted a tool to improve commissioning and value for money considerations in decision making.
- 43** Overall we found that the challenge of achieving improved outcomes remains a significant one that will require continued commitment and leadership. Other issues we reported include:
- the AGMA joint commissioning unit needed refocusing. Detailed recommendations were made and have been implemented in order to improve its focus;
 - the pilot commissioning tool provides a greater focus on achieving outcomes and helps identify strategic commissioning implications for future service design to improve outcomes for vulnerable children. Health and education services were particularly identified as not always providing most effectively for vulnerable children; and
 - the commissioning tool provides a helpful means for assessing options that can enable improved value for money considerations in decision making.
- 44** Further work is planned during 2007 to promote the commissioning tool to ensure it contributes towards a stronger focus on outcomes. In addition we will work with health partners in order to help them understand how they can contribute to this agenda. We will monitor progress on taking up the challenge of outcomes driving commissioning or other approaches that are meant to deliver better outcomes across all agencies.

Social Needs Transport

- 45** During 2006 we examined how councils, the passenger transport executive/ authority, the ambulance service and Primary Care Trusts provide social needs transport (SNT). These services are often the only means of people accessing education, social activities, health appointments or essential parts of daily living. Key messages from the review are that whilst users value SNT there is considerable scope for improvement, with most organisations not sufficiently taking user access into account in the planning of services. The impact on users is not clearly understood and prioritised by the majority of organisations commissioning and providing services. Opportunities to increase the quality of these services and improve value for money through integration are not being maximised across Greater Manchester. One particular issue is the potential for improved efficiency and effectiveness of SNT services through integration both within the Council and with partner organisations.

- 46** Salford was asked to complete an action plan responding to the recommendations made to date. Additional work is planned during 2007 where we will monitor progress and examine specific aspects of SNT including identification of gaps in services taking into account eligibility criteria; implementation of route planning systems; and cost and activity data.

Conclusion

- 47 This letter has been discussed and agreed with the Chief Executive and Strategic Director of Customer and Support Services. A copy of the letter will be presented to the cabinet on 27 March 2007.
- 48 The Council has taken a positive and constructive approach to our audit and inspection. I would like to take this opportunity to express my appreciation for the Council's assistance and co-operation.

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.

Clive Portman
Relationship Manager
March 2007