

Annual Audit and Inspection Letter

Copeland 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 members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any member or officer in their individual capacity; or
 - any third party.
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Key messages

- 1 Overall, the Council has inadequate arrangements for managing the use of its resources. In this respect, Copeland was one of only eight district councils in England which were assessed as inadequate for the financial year ending 31 March 2008.
- 2 Underpinning this assessment was inadequate performance in three of the five areas assessed:
 - Financial reporting;
 - Financial management; and
 - Internal control.
- 3 The Council did not have adequate arrangements in place in 2007/08 to produce its annual accounts in line with statutory requirements and in accordance with professional standards. As a result, the Council was unable to publish its audited accounts for the year by the statutory deadline of 30 September 2008.
- 4 Similarly, the Council continued to experience severe difficulties in producing and publishing its audited accounts for 2006/07. Although the 2006/07 accounts were adopted in accordance with normal statutory requirements during 2007, the Council has had real problems in producing accounts which reflect the issues identified during the audit. The Council's published financial statements are a key demonstrator of its accountability for public funds. Failure to publish them on time and to appropriate quality standards can only weaken the Council's ability to demonstrate that accountability.
- 5 Weaknesses in financial systems, in 2007/08, meant that members could not be assured that the reports they received were consistent with underlying financial records. Fundamental weaknesses were also found in the Council's arrangements for managing its asset base.
- 6 The Council experienced significant failings in internal control in the early part of 2008/09 which were a result of problems arising during 2007/08. These related primarily to the lack of capacity and expertise within certain key Council functions, most notably the finance team. In addition, although the Council has a risk management strategy and processes in place, it is clear from the breakdown of certain elements of the internal control system, that the overall risk management arrangements and processes did not work as intended. In particular, the Council's own Annual Governance Statement failed to identify or address key weaknesses that had been identified. The Council has subsequently taken steps to augment the capacity and availability of expertise within finance and other key functions, but more progress is needed.

- 7 On the basis of a selected set of service and other performance indicators the Council's overall performance in 2007/08 was below the average for all district councils. The Council did perform well in a number of areas including recycling and composting rates, the maintenance of clean streets and open spaces, the creation of jobs and working in partnership to make Copeland a safe place to be. However, whilst the Council's performance improved at an above average rate it was still insufficient to move many of the indicators into the higher performing category.
- 8 The Council's Five-Year Corporate Plan 2007-2012 provides a framework of objectives to achieve the vision for Copeland. The Council's capacity to improve its performance has recently been enhanced through the appointment of individuals to key posts. Both members and senior officers clearly understand that action is needed to improve the performance of the Council.
- 9 During 2008/09 the appointment of key officers and the improved focus on delivering the Council's objectives has already had an impact upon the Council's performance. Improvements have been noted in the finance function and in the Council's approach to housing.
- 10 Officers have worked with us to resolve the outstanding issues on the 2006/07 and 2007/08 accounts, as well as addressing the weaknesses in financial management and internal control that had previously been identified. Inevitably this means that, whilst the 2009/10 budget has been prepared and approved, officers have been delayed in their preparations for producing the 2008/09 accounts.
- 11 In January 2009 we reported to the Council's Audit Committee the progress on finalising the 2006/07 and 2007/08 accounts. It is anticipated that the final Annual Governance Reports for both financial years will be presented to the Audit Committee on 27 March 2009 and - subject to the Audit Committee's agreement to the contents and the provision by the Council of finalised accounts addressing the matters identified at audit - that unqualified audit opinions will be given.
- 12 Due to the inadequate arrangements for managing the use of resources, we anticipate giving a qualified value for money conclusion for both 2006/07 and 2007/08.

Action needed by the Council

- 13 The Council needs to take action to address all of the governance and other use of resources weaknesses which have been identified so that the public may have greater confidence that the Council's resources are being used to best effect. The Council should therefore continue to address the weaknesses that have been identified with regard to the Council's arrangements for managing the use of its resources. A detailed and comprehensive action plan should be prepared and progress reported regularly to members.
- 14 There is a particular need for the Council to improve its financial reporting arrangements and to ensure that the 2008/09 accounts are produced in accordance with statutory timescales and professional standards.

Key messages

- 15 The Council's strategic objectives should be underpinned by action plans that clearly explain what needs to be done, by whom, by when and what the intended outcome will be. Members need to monitor progress and, where necessary, support remedial action.
- 16 The current economic downturn poses a significant challenge for the Council given the potential adverse impact on the Council's regeneration activity, the reduction in investment income and the likely increase in the services demanded by the public. Members will be faced with difficult resourcing decisions. Financial plans will need to be both robust and flexible enough to address budget pressures and ensure that appropriate levels of balances are maintained.
- 17 Health inequalities across Cumbria are pronounced and need to be addressed. The Council recognises the need to play its part in improving health outcomes by working in partnership with other authorities and agencies to support the specific actions and objectives which have been agreed by partners.

Purpose, responsibilities and scope

- 18 This letter provides an overall summary of the Audit Commission's assessment of the Council. It draws on the last 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.
- 19 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.
- 20 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).
- 21 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.
- 22 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.
- 23 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 Copeland Borough Council performing?

24 Copeland Borough Council was assessed as Fair in the Comprehensive Performance Assessment (CPA) carried out in 2004. Whilst Copeland's CPA has remained the same changes to the assessment have been necessary for other councils. The following chart is the latest position across all district councils.

Figure 1 Overall performance of district councils in CPA



Source: Audit Commission

25 Since 2004 we have undertaken an annual assessment of the Council's direction of travel in improving its services. The latest assessment is shown below.

The improvement since last year - our Direction of Travel report

26 The Council's overall performance in 2007/08 was below the average for all district councils in terms of a selected set of performance measures for shared priorities and corporate issues. For 2007/08, only 23 per cent were in the best performing category compared to an average of 33 per cent for all districts. Whilst 63 per cent of indicators improved during that period, some 65 per cent of indicators remained below average performance. In terms of improvement during 2007/08, whilst overall the Council's performance improved at an above average rate it was still insufficient to move many of the indicators into the higher performing category.

Improvement in priority areas

- 27 The Council's Five-Year Corporate Plan 2007-2012 was reviewed in April 2008 and provides a framework of objectives to achieve the vision for Copeland. It identified six priorities following public consultation:
- providing high quality clean streets and open space;
 - ensuring the area has good roads and good public transport;
 - creating enough, different jobs to suit all;
 - making Copeland a safer place to be;
 - improving skills and education and keeping people with skills in Copeland; and
 - giving everyone good customer service.

Providing high quality clean streets and open space

- 28 Performance in dealing with littering, graffiti and fly-tipping is in the best performing category. The Council also achieved national recognition for a number of its parks and open spaces, achieving Green Flag status for four of its public areas and three Green Heritage awards in 2008.
- 29 The re-use of developed land and clearing derelict land both remain a challenge for the Council. The Council is taking action to address this. Work has commenced on a large land reclamation scheme, as part of the Whitehaven Coastal Scheme and a number of public open space projects are underway.
- 30 Recycling and composting has shown year on year improvement, and the Council has remained above average for the last four years. Although the amount of waste being collected is decreasing, this is below the rate being achieved by other authorities and the Council's performance has consequently fallen to the bottom performing category when compared to other authorities for 2007/08. Whilst the Council performance is also in the bottom performing category for kerbside recycling indicators, it is focusing its efforts on identifying locations for bring sites in order to ensure that residents without kerbside recycling have easy access to alternative facilities.
- 31 The Council has been slow in signing up to the Nottingham Declaration (by which councils pledge to systematically address the causes of climate change and to prepare their community for its impacts), but did so in January 2009. It included two additional local commitments relating to the Energy Coast Masterplan and to the nuclear energy sector's potential for assisting low carbon energy production.

Ensuring the area has good roads and public transport

- 32 The Council continues to prioritise improvements to the area's road network to improve safety, tackle congestion and to reduce the impact of traffic on local communities. Notable improvements during the year included the opening of the Parton Lillyhall bypass. This scheme, which provides just over three miles of dual carriageway taking traffic around the Distington, Common End and Howgate areas, is the largest transport infrastructure investment undertaken in Copeland.

How is Copeland Borough Council performing?

Improving skills and education and keeping people with skills in Copeland

- 33 The Council is improving the skills of its staff. This includes a single workforce development initiative that has commenced across the Council's main front-line services of Waste and Open Spaces and 13 staff have recently started working towards a work based NVQ level 2 qualification.
- 34 In the wider community the Council has supported the development of the West Lakes Academy which opened in September 2008 and is also participating in a project using Coalfields funding for re-skilling in former mining communities.

Creating enough, different jobs to suit all

- 35 The Council continues to achieve its target for job creation, having already supported the creation of 3,800 jobs by the end of March 2008. This exceeds the Council's target of 3,000 for the period since 2002/03.

Making Copeland a safer place to be

- 36 The Council through its community safety partnership working helps to ensure that the overall strong performance in this area continues. There is good performance against the Crime and Disorder Reduction Partnership (CDRP) and Cumbria Police performance indicators, with mainly positive trends, although there are issues around young people and drugs and alcohol in certain wards.

Giving everyone good customer service

- 37 The management of Revenues and Benefits has been shared with Carlisle City Council since late 2007. Housing and council tax benefit indicators show overall improvement. Copeland is reducing the amount of overpayments written off and improving action against fraud, and is in the top performing category for recovering overpayments. Although improving, the time taken to deal with new cases and changes in circumstances remained in the bottom category for performance for these two indicators in 2007/08. Performance against both indicators continues to improve in 2008/09.
- 38 The Council was identified as a 'planning standards' authority for 2007/08 because of its failure to meet national minimum standards for the processing of major applications. The Council has improved its performance and has since met the national standards for all three categories of planning applications. 'Other' applications performance improved to best performing category in 2007/08; however, performance was still below average for major and minor applications. This improvement has been maintained between April and December 2008. Other planning performance has not improved. For example:
 - the Council remains in the worst performing category for the planning quality of service checklist for service users, and has been this for the last four years; and
 - the Council failed to meet the milestones which the Local Development Scheme sets out, although the scheme has now been revised.

Other issues

- 39 The Council's progress on equality and diversity issues and access to services is making steady progress. It achieved Level 2 of the Equality Standard for local Government in March 2008 and a number of Equality Impact Assessments have been completed. However, not all services have improved their approach to customers. A full range of comprehensive service standards are not yet in place in housing and arrangements to record, respond to and monitor customer complaints are under review, but changes will not be in place until April 2009.
- 40 The Council is working with its partners to address the health issues of the Borough. For example, through the Copeland Sports & Physical Activity Alliance (SPAA) a range of initiatives is underway to combat obesity, particularly in children. Government funding to support the introduction of the smoking ban in England was pooled with Allerdale Borough Council to recruit a shared post to cover both boroughs. The Council has also worked closely with the NHS to identify the most appropriate site for a new hospital. These initiatives are long term but demonstrate progress in tackling some of the health inequalities in the borough.
- 41 Clear difficulties remain in balancing the local housing market. The number of affordable dwelling completions and acquisitions has remained at zero per thousand dwellings for 2007/08, and the Council has put no emphasis on building affordable homes for several years. A target of 80 new affordable homes in the period 2006/11 has now been set. The housing inspection in 2008 found that the Council was not making best use of the existing private sector housing stock, and the Council's performance in dealing with vacant private sector properties and returning them to occupation were both in the bottom category.

Value for Money

- 42 Whilst some services are able to show lower costs with higher quality, the picture is not consistent or sustained across the Council. Central services costs per head were high as the Council has had to invest in specialist staffing and new systems as part of its identified improvement agenda. Efficiency savings are being achieved and being re-invested in order to achieve more corporate and local priorities. The Council's approach to procurement includes purchasing through existing consortia and centralised e-procurement including Cumbrian partners. In seeking to reduce costs of the benefits service the Council has entered into a shared management agreement with Carlisle City Council.

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

- 43 The Council continues to work jointly with a range of partners to develop plans and ensure joint working. A Coastal Fringe plan has been agreed to manage a number of linked projects aimed at regenerating under-used and deteriorating areas of Whitehaven. The Council is also working on a Development and Regeneration delivery plan which links together existing strategic documents and will provide a clear set of priority actions to be pursued by the Council to achieve the objectives of these documents. This will enable the Council to better manage its resources and maintain a clear focus on influencing other delivery partners.

How is Copeland Borough Council performing?

- 44 Action planning is a weakness in some areas. For example, the action plan drawn up following the inspection of the strategic housing function has a number of weaknesses relating to clear targets and evaluation of outcomes, as well as process issues for updating the plan or specifying what is taking place to deliver the actions.
- 45 During the year some key Council services – such as finance and housing – have been affected by staffing and capacity shortages. The Council is addressing these key areas. Since the housing inspection the Council has strengthened the capacity of its housing section; this includes strengthening managerial arrangements and using consultants to fill skills gaps and meet deadlines. All the agreed housing posts have been filled. Key posts in finance have also been filled to help bring about improvements in accounts which are clearly necessary.
- 46 Sickness absence remains high, and for 2007/08 was in the bottom performing category, with 13.1 days per employee lost to sickness. The Council is improving this position through a range of measures. The latest figures for 2008/09 show sickness days have reduced to 8.5 days per employee.
- 47 Progress has been made on the pay and grading review which is anticipated to be completed by 31 March 2009. The Council has been slow in developing a workforce strategy due to its limited strategic Human Resources capacity. Accordingly work on the strategy did not start until December 2008 and is not due to be completed until March 2010.

Service inspections

Strategic Approach to Housing

- 48 The Council's strategic housing service was inspected in January 2008. The service was assessed as providing a 'poor' zero-star service with poor prospects for improvement.
- 49 The report highlighted a number of weaknesses in the service including:
 - little culture of customer care and a lack of understanding of the diverse needs of the community;
 - gaps in understanding the housing market in Copeland;
 - ineffective working across council departments to recognise or address housing issues;
 - very little partnership working to support the provision of new affordable housing; and
 - a poor understanding of how to achieve value for money in housing.
- 50 In January 2009 we undertook a brief follow up review to assess what progress had been made. We noted some positive changes including:
 - an increase in the staff resources being used to address housing issues;
 - an action plan to improve services with clear accountability over who should complete which actions;

How is Copeland Borough Council performing?

- plans to update the housing needs survey;
 - the introduction of policies to help prevent homelessness; and
 - a small number of affordable housing units is under construction with plans for more.
- 51** There is still some progress to make however, and some areas of the action plan were already behind schedule. The Council cannot yet show it is delivering a better strategic housing service, although the changes to its processes and policies are positive.
- 52** We will carry out a full follow-up inspection in October 2009.

The audit of the accounts and value for money

Audit of the accounts

- 53 In January 2009, we reported to the Audit Committee the progress on finalising both our 2006/07 and 2007/08 audits. It is anticipated that the final Annual Governance Reports for both financial years will be presented to the Audit Committee on 27 March 2009 and - subject to the Audit Committee's agreement to the contents and the provision by the Council of finalised accounts addressing the matters identified at audit - that unqualified audit opinions will be given.
- 54 It is also anticipated that our value for money conclusions for both years will be given at the same time as the audit opinions. It is anticipated that our 2006/07 value for money conclusion will be that, in all significant respects, the Council has made proper arrangements for securing economy, efficiency and effectiveness in the use of its resources except for those arrangements that relate to the management of the asset base.
- 55 For 2007/08 the position has deteriorated. It is anticipated that for 2007/08 we will conclude that we are not satisfied, in all significant respects that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources because of four significant weaknesses in its management arrangements.

Use of auditor's statutory powers

- 56 The auditor has a range of statutory powers which he or she may exercise as a result of matters raised about the accounts by local electors. We have not exercised any of our statutory powers in respect of the Council's accounts for 2006/07 or 2007/08. However, following consideration of matters raised by a member of the public, recommendations were made to the Council with respect to its arrangements governing the sale of Council assets. Our recommendations included:
- all negotiations with purchasers should be conducted in accordance with the Council's Standing Orders and detailed records kept as to matters discussed and decisions made;
 - written reports should be prepared outlining the key facts and the specific issues for consideration and decision, and formal records and minutes should be kept of all such meetings and decisions made;
 - all delegated decisions to approve the sale of assets should be supported by signed documentation; and
 - fully-documented cost/benefit analyses should be present wherever appropriate.

- 57 The Council has agreed with all of our recommendations and has undertaken to implement them with immediate effect. We will follow up on these recommendations to ensure that they have been implemented in full.

Financial statements 2006/07

- 58 The Council adopted its accounts for 2006/07 in accordance with statutory requirements and provided them for audit. The audit commenced as normal in the summer of 2007.
- 59 The Council has experienced severe difficulties in producing and publishing its audited accounts for 2006/07. During 2008 the Council continued to submit a number of versions of the 2006/07 accounts to us in response to the matters identified at the audit. However, our review of these indicated to us that some of the issues identified during the audit had not been addressed correctly, and that other amendments had been made to the accounts over and above those which had been discussed with us.
- 60 We have worked closely with the Head of Finance - following her appointment in October 2008 - to support the production of a set of 2006/07 financial statements upon which we are able to give an audit opinion and we are now at a position where we anticipate giving an unqualified opinion on the Council's 2006/07 accounts by the end of March 2009.
- 61 The cost of the 2006/07 audit has increased as a result of the significant amount of additional time spent by us in trying to finalise the 2006/07 audit. This will result in an additional fee, which will be reported more fully within the Annual Governance Report that we plan to present to the Audit Committee on 27 March 2009.

Financial statements 2007/08

- 62 Whilst the Council prepared and adopted a set of accounts in accordance with the 30 June 2008 deadline these were found to be unauditible. It was agreed that revised accounts would be provided to us by 30 September 2008 to allow the Council to use an accountancy firm to assist in their preparation. They were not, however, provided to us until 11 November 2008.
- 63 As the audit progressed we raised concerns that we were experiencing significant problems in undertaking our work because we were not receiving prompt answers to our queries. As a result, our work was taking longer than planned or expected. The Council responded to our concerns both by asking for additional support from the accountancy firm to assist in completing the audit of the revised 2007/08 accounts and with the arrival of new staff to key posts in the finance department.
- 64 In our interim Annual Governance Report which we presented to the Audit Committee in January 2009 we identified:
- the need for a full reconciliation between the 2007/08 accounts (as approved by the Audit Committee on 19 November 2008) and the closing balances on the ledger;
 - the need for an analytical review of the accounts to assist us in understanding the movements between 2006/07 and 2007/08;

The audit of the accounts and value for money

- the initial failure to include all required items within the note on financial instruments and then subsequent proposed amendments by the Council failing to exclude amounts relating to statutory elements;
 - issues relating to the cashflow statement including a material error on council tax receipts received which were wrongly disclosed by £3m, the need to remove £6m relating to the movement between long and short term investments but there is no actual cash movement and several areas where the disclosure is on an accrual basis rather than cash;
 - an amount of £655,000 which related to unapplied grants which were incorrectly shown within creditors but should be shown with deferred grants unapplied; and
 - that an explanation was required for the accounting treatment of a loan of £440,000 and whether the Council has considered the implications of the Capital Financing Regulations 2003.
- 65** The cost of the 2007/08 audit has increased as a result of the significant amount of additional time spent by us in trying to finalise the 2007/08 audit. This will result in an additional fee for 2007/08, which will be reported more fully within the Annual Governance Report that we plan to present to the Audit Committee on 27 March 2009.

Use of Resources

- 66** The findings of the auditor are an important component of the CPA framework. 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 Council's accounts 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).
- 67** 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 1 Use of Resources assessment

The Council's performance has deteriorated further in 2008. Overall the Council's arrangements for managing and using their resources are inadequate.

Element	2008 Assessment	2007 Assessment
Financial reporting	1 out of 4	1 out of 4
Financial management	1 out of 4	2 out of 4
Financial standing	2 out of 4	2 out of 4
Internal control	1 out of 4	2 out of 4
Value for money	2 out of 4	2 out of 4
Overall assessment of the Audit Commission	1 out of 4	2 out of 4

Note: 1 = lowest, 4 = highest

The key issues arising from the audit

68 Table 1 shows that in 2008 three areas were assessed as level 1: inadequate - below minimum requirements. The reasons for this assessment of each of these areas is summarised below.

Financial reporting

69 The Council did not have adequate arrangements in place in 2007/08 to produce annual accounts in line with the statutory timetable and in accordance with professional standards. The Council also failed to publicise how local electors could exercise their rights with respect to the 2007/08 accounts undermining external accountability. This was another reason why the Council was unable to publish its audited accounts for the year by the 30 September 2008 deadline.

Financial management

70 Weaknesses in financial systems meant that members could not be assured that the reports they received were consistent with underlying financial records. Fundamental weaknesses were also found in the Council's arrangements for managing its asset base. The register of assets held by external provider of asset management services could not be reconciled to the Council's own fixed asset register.

The audit of the accounts and value for money

Internal control

- 71 The Council experienced significant failings in internal control in the early part of 2008/09 which were a result of problems arising during 2007/08. These related to the lack of capacity and expertise within certain key Council functions, most notably the Finance Team. In addition, although the Council has a risk management strategy and processes in place, it is clear from the breakdown of certain elements of the internal control system, that the overall arrangements and process did not work as intended. In particular the Council's own Annual Governance Statement failed to identify or address key weaknesses that had been identified.

VFM conclusion

- 72 Our auditor's report on the annual financial statements includes a conclusion as to whether we are satisfied that, in all significant respects, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the financial year. Our judgement is based upon criteria specified by the Audit Commission.
- 73 For 2006/07 we expect to conclude that, in all significant respects, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources except that it did not have adequate arrangements to manage its asset base.
- 74 For 2007/08 we expect to conclude that we are not satisfied, in all significant respects, that the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources in that it did not put in place adequate arrangements:
- to manage performance against budgets
 - to manage its asset base
 - to manage its significant business risks; and
 - to maintain a sound system of internal control.
- 75 We anticipate reporting the outcome of our 2006/07 and 2007/08 audits to the Council's Audit Committee on 27 March 2009.

Data Quality

- 76 The Council's overall management arrangements for ensuring data quality meet minimum requirements.

Tackling health inequalities in Cumbria

- 77** A cross-cutting review of health inequalities across Cumbria was completed during 2007/08 involving local government and health organisations. This is a key issue for Cumbria as approximately 16 per cent of the Cumbrian population lives in areas which are officially rated as amongst the most deprived in the country. Deprivation results in, amongst other things, significantly greater levels of ill health. Life expectancy in Cumbria varies by as much as 19.5 years between affluent areas and deprived communities. The burden of ill health also falls unevenly across communities with increased prevalence of heart disease, respiratory disease and other health problems in the most deprived parts of the county.
- 78** We found the following.
- Organisations in Cumbria have a strong commitment to tackling health inequalities and an increasing focus on collaborative action.
 - The Director for Public Health (DPH) provides high profile leadership and his team is now having an explicit influence on strategic priorities and commissioning decisions across both councils and NHS partners.
 - Councils and the PCT have access to robust public health data, and progress is being made on developing health needs analysis that is shared and helps address health inequalities.
 - There has been systematic engagement with the voluntary sector, the public and local community groups and this approach needs to be extended as part of the work within other partnerships. Councils, the PCT and others also need to increase the involvement of their existing workforces in promoting and tackling the health inequalities agenda.
 - There is scope for organisations to deliver more impact on local health through their own policies and processes in areas such as employment and skills, transport, recruitment, procurement, community engagement, facilities management and construction.
- 79** There remains a need for clarity as to what and how current and future initiatives across partners will contribute to a reduction of health inequalities across Cumbria. Senior public health managers are promoting a 'mainstreaming' approach to health inequalities, as distinct from a specific strategy, but this will require careful management if planned outcomes are to be achieved.
- 80** The next stage is for partners to agree specific actions and objectives, and to systematically embed these into key thematic strategies. In this regard, we note the Council is undertaking an IDEA peer review of its approach to 'healthier communities' with the aim of improving performance in this area.
- 81** Recent changes to the Cumbria Strategic Partnership (CSP) should improve the governance and effectiveness of health inequalities arrangements at this level. This will build on the good work of the county wide scrutiny committee for health and wellbeing.

Looking ahead

- 82** 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.
- 83** 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.
- 84** 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

- 85 This letter has been discussed and agreed with the Acting Chief Executive. This Letter will be presented to the Audit Committee on 27 March 2009 and issued to all Members by the 31 March 2009 deadline.
- 86 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 2 Reports issued

Report	Date of issue
Audit and inspection plan	March 2007
Access to Services Inspection	October 2007
Best Value Performance Plan report	December 2007
Strategic approach to housing	January 2008
Health Inequalities	August 2008
Interim Annual Governance Report	January 2009
Data Quality	February 2009
Use of Resources Report	March 2009

Availability of this letter

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

Karen Murray
District Auditor

David Hoole
Comprehensive Area Assessment Lead

9 March 2009

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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