

DECISION-MAKER:	COUNCIL		
SUBJECT:	ANNUAL AUDIT AND INSPECTION LETTER 2008		
DATE OF DECISION:	18 TH MARCH 2009		
REPORT OF:	LEADER OF THE COUNCIL		
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STATEMENT OF CONFIDENTIALITY

NONE.

SUMMARY

The attached Annual Audit & Inspection Letter from the Audit Commission is an important external assessment of the Council's overall performance which confirms an overall 3 Star (Good) Rating and "Improving Well" judgement under the Comprehensive Performance Assessment.

The annual letter attached at Appendix 1 highlights the results of the statutory audit of the Council's 2007/8 Financial Accounts and Value for Money conclusion as well as the overall Direction of Travel assessment and other external reviews which have been carried out as part of the year on year judgement of the progress made by the Council across all of its activities.

This report formally receives the 2008 Annual Audit & Inspection Letter from the Audit Commission, refers it to the Standards & Governance Committee and highlights a number of areas to members where further improvements could be made to ensure that the recommended actions are progressed.

RECOMMENDATIONS:

- (i) To formally receive the 2008 Audit Commission's Annual Audit & Inspection Letter.
- (ii) To refer the attached Annual Audit & Inspection Letter to the Standards & Governance Committee.
- (iii) To endorse the inclusion within the Corporate Improvement Plan of the six key actions highlighted by the Audit Commission in the Annual Audit and Inspection letter to ensure that they are progressed.

REASONS FOR REPORT RECOMMENDATIONS

1. The recommendations reflect the arrangements for the receipt of the Audit Commission's Annual Audit and Inspection Letter which were agreed by Full Council on the 23rd June 2004.

CONSULTATION

2. A draft of the Annual Audit and Inspection letter was received by the Chief Executive, Solicitor to the Council, Executive Director of Resources and the

Head of Corporate Policy and Performance at the beginning of February. Following clarification of some of the issues contained within the draft letter and feedback from officers, appropriate amendments have been incorporated by the Audit Commission into the letter which is attached as an Appendix to this report.

3. All members have also been invited to attend a briefing from the Audit Commission prior to the start of today's Full Council meeting to run through the key issues contained within the letter and to ask any questions of the auditors about their conclusions.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

4. Not to submit the report. However, this would not comply with the arrangements previously requested by members to enable a debate to take place on the content of the annual letter and for questions to be asked of the Audit Commission in a public forum.

DETAIL

5. The final version of the 2008 Annual Audit and Inspection Letter was received by the Council on the 9th March. Under the Accounts and Audit Regulations 2003 the Annual letter must be made available to all Members of the Council as well as other key stakeholders.
6. The annual letter has therefore been placed on the Council's website at www.southampton.gov.uk/thecouncil/thecouncil/councilperformance/annualaudit.asp and is also formally appended to this report. Members' attention has also been directed to the document on the website through the Members Bulletin.
7. The publication of the 2008 Annual Audit and Inspection Letter at this point in time allows the Audit Commission to comment on the overall direction of travel as well as service improvements made by the Council since the last Annual letter was published in March 2008.
8. The annual letter appended to this report also sets out the Audit Commission's conclusions and any significant issues arising from the audit of the Council's 2007/8 accounts as well as other external inspections carried out within the Council up to December 2008.
9. The Auditor's conclusions relating to the 2007/8 audit of the accounts and value for money judgement have already been reported to the Standards and Governance and Audit Committees. However, they are repeated in summary form within the Annual Audit and Inspection Letter for completeness to ensure that all members are aware of the issues that have been raised in these areas.
10. The Audit Commission's formal review of the Council's progress has resulted in an overall positive judgement within the 2008 letter, with the auditors concluding that :
"Southampton City Council is improving well. Its overall performance across a range of services is good. It shows a consistent track record in improving outcomes for its residents and communities and by working effectively with partners on longer term issues It is on track to deliver its future commitments."

11. With the exception of the Children and Young People theme where the recent harder test Ofsted review concluded that the Council and its partners were achieving the expected level of service for children and young people in the city, all other service areas within the Council have either been judged as good or excellent. The Environment block rating has improved this year from a 3 star (good) rating to excellent (4 stars) and all 5 categories within the Use of Resources judgement have received a 3 star (good) rating for the first time as a result of improvements within the internal control and financial management areas.
12. Despite all of the many improvements that have made since last year which are set out in the letter under the CPA criteria the Council can only be judged as Excellent overall if all service areas are classified as Good or Excellent. As a result of a change in the focus of the new Ofsted inspection regime Southampton has therefore received an overall 3 star rather than a 4 star rating as well as an "improving well" judgement.
13. In addition to highlighting the wide range of service improvements and successes since last year the Annual Audit and Inspection letter also outlines six key areas that require members attention as follows:-
 - Implement the revised non residential social care billing policy and replacement billing module during 2009.
 - Improve the collection rates for housing rents and council tax.
 - Establish robust IT recovery plans which should be regularly reviewed and tested.
 - Carry out gas safety inspections on all Council owned properties within twelve month intervals and ensure that a valid gas safety inspection certificate exists on each property file.
 - Further review the transformation approach to ensure it delivers value for money.
 - Continue to invest in and improve the level of educational attainment at GSCE and key stages 2 and 3.
14. It should be noted that improvements in many of these areas have already either been actioned or improvement plans have been agreed and are in place. In addition in some areas such as improving educational attainment, progress will only be secured by sustained action from the Council and its partners over a number of years. It is proposed that these proposed improvements should be reflected within the 2009/10 Corporate Improvement Plan to enable their progress to be monitored by the Executive as well as the Overview and Scrutiny Management Committee to ensure that they continue to be addressed.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

15. None.

Revenue

16. The development and implementation of action plans to respond to the Annual Audit and Inspection Letter forms part of the Council's on-going performance improvement work and can therefore be met from existing

resources.

Property

17. None.

Other

18. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

19. The duties and powers of auditors appointed by the Audit Commission are set out in the Local Government Act 1999.

Other Legal Implications:

20. None.

POLICY FRAMEWORK IMPLICATIONS

21. None directly. However the content of the Annual Audit and Inspection Letter will play a key role in the development of the Council's Corporate Improvement Plan for 2009/10.

SUPPORTING DOCUMENTATION

Appendices

1.	The Annual Audit & Inspection Letter 2008

Documents In Members' Rooms

1.	None.
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Background Documents

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	None	
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Background documents available for inspection at: Not Applicable

FORWARD PLAN No: Not Applicable **KEY DECISION?** No

WARDS/COMMUNITIES AFFECTED:

None directly, however sustained improvements in the overall performance of the Council and the delivery of key services will have a beneficial effect on residents living in all wards in the City.