

Agenda Item 68

Brighton & Hove City Council

Committee	Policy and Resources Committee
Date	21 January 2004
Report of	Deputy Chief Executive & Director, Corporate Services
Subject	: CPA and Audit & Inspection Annual Letter 2003

1. Introduction and Purpose of the report

- 1.1 To inform members of the result of the 2003 CPA (Comprehensive Performance Assessment) score for the City Council.
- 1.2 To inform members of the District Auditor's Annual Audit and Inspection Letter on the audit and inspection of the City Council's affairs for the financial year 2002/03.

2. Recommendations

- 2.1 That the Committee notes the CPA score alongside the District Auditor's Annual Audit and Inspection Letter and the reasons for the change in the grading of the City Council.
- 2.2 That Committee considers the key issues contained within the District Auditor's Management Letter.

3. Background

- 3.1 The CPA score and the Annual Audit and Inspection Letter (AAL) are being presented in one report to provide both the CPA and the qualitative assessment of the council's operations together.

4. Information on the CPA Score 2002

- 4.1 The CPA was introduced nationally in 2002 and the council received a CPA score of 'Good' (there are five CPA categories: Excellent, Good, Fair, Weak and Poor) in the first assessment in December. This score comprised two elements: a score for how the city is run and a score for how main services perform. The score of Good was achieved as both of these elements were scored as 3 out of 4.
- 4.2 Each of these two elements (the corporate assessment and the overall service performance assessment) was made up of other scores. Over 100 scores – many against individual performance indicators as well as inspection scores and scores for plans – go to make up the overall score. The scores within the two elements are weighted. For services the weightings are:

- Education x4
- Social care x4
- Environment x2
- Housing x2
- Libraries/leisure x1
- Benefits x1
- Resources x1

4.3 The CPA in 2002 included a series of inspections of services and corporate arrangements in addition to the inspections by Ofsted and the SSI. The council only just achieved a score of 3 out of 4 for overall service performance, with a score of 38. A score of 37 would have given a score of 2 out of 4 and an overall score of Fair.

5. Information on the CPA Score 2003

5.1 This year's CPA score is a 'refresh' of last year's score accompanied by an assessment by the Audit Commission of the council's 'direction of travel' (ie overall progress in improving our services). This assessment is summarised on the scorecard (Appendix 1) and is a short summary of the Annual Audit and Inspection Letter 2003 (Appendix 2).

5.2 The 2003 score for Brighton & Hove is 'Fair' and the assessment of 'direction of travel' is that we are improving and well placed to address the issues that have led to this change in score. The Annual Audit Letter provides a fuller picture of the council's progress over the last year and highlights many key areas where performance has improved.

5.3 The methodology for arriving at this year's CPA score has resulted in this slightly odd result whereby the council has slipped a category but has a very positive Annual Audit Letter. The reason for this lies principally in the methodology of the CPA and the weighting given to its component parts. It is significant that the 2003 CPA score is based on some quite old data (such as inspection scores for Best Value Reviews) and is much less comprehensive than the 2002 CPA.

5.4 For most councils, including Brighton & Hove, the 2003 CPA did not include a corporate assessment of how the council is run, so last year's score remains in place. Last year's scores for several service inspections also remain in place. The social care score has been updated by the SSI. In the main the refreshed scores have come from a comparison of performance indicator results of 2001/02 with 2002/03.

5.5 The council's scores that have changed are 'use of resources' (gained one point) and housing (lost one point). This has resulted overall in the loss of one point on service performance because use of resources is weighted x1 and housing is weighted x2. This loss of one point moves us to the Fair category. Improving our 'use of resources' performance is very important at a time when the resources of the council are under such pressure. The loss of a point for housing does not however mean that the housing service has deteriorated over the last year.

- 5.6 The Housing score has gone from 3 out of 4 to 2 out of 4 due to a change in the performance indicators which go to make up the score. The housing score is comprised of three elements: Community Housing, Housing Management and Housing Strategy. It is the score for Community Housing that has gone down. The basket of performance indicators (PIs) used to evaluate Community Housing changed this year to include only three performance indicators. Brighton & Hove only report a result for two of these as we do not use hostel accommodation since the council believes that not using hostel accommodation is an indication of a stronger service than one heavily reliant upon it. This means we are now only measured by two PI's for the Community Housing basket.
- 5.7 Our performance against one of these indicators (the proportion of unfit private sector dwellings made fit/demolished) is good in comparison to other authorities but this was not enough to offset the impact of the other PI which measures the time spent in B&B accommodation by households that include dependent children or a pregnant woman. The measure includes time in B&B *at any point* during their homelessness application where the duty ends during the year. Brighton & Hove has a severe shortfall in available social housing and so has organised temporary accommodation for homeless applicants on relatively long leases (some as long as ten years duration). While in this accommodation the duty towards the households remains in place and so any period of time these people have spent in B&B's will still be counted towards the PI result. In reality the PI is largely measuring historical information and consequently it will be impossible to improve our performance against this PI in the short term. Indeed we recognised some time ago the PI was not helpful in measuring current performance and have developed a local PI that evidences the fact our rates of time spent in B&B are reducing. The Government has recently announced its intention to replace this PI due to recognised problems with it.

6. Freedoms & Flexibilities

- 6.1 There are some differences between the freedoms and flexibilities that are afforded to 'Good' councils and to 'Fair' councils. However, the council does not expect these to affect how the council operates since they are in general being superseded by changes in legislation (such as the Local Government Act 2003) or are of minor significance. An exception to this is the freedom that 'Good' councils enjoy with regard to a scaled down audit and inspection programme. The council will be discussing with the District Auditor in January the future inspection and audit programme for the council. At this stage, based on the Annual Audit Letter, the council does not expect there to be any significant change in approach from the District Auditor to the council because of the change in CPA category.

7. Information on the Annual Audit Letter

- 7.1 The Local Government Finance Act 1982 established the legislative framework for auditing local and police authorities in England and Wales. The Act established the Audit Commission for England and Wales, which is responsible for appointing auditors to each local authority.

- 7.2 The Audit Commission, whose duties are governed by Section 15 of the 1982 Act appointed the Audit Commission's Operations Executive (formerly known as the District Audit Service) as auditor to Brighton and Hove Council. The Commission has recently re-confirmed that appointment up to 31 March 2006.
- 7.3 This is the first joint audit and inspection letter under the arrangements whereby the District Auditor also acts as Relationship Manager between the Audit Commission and other inspectorates, the Government Office and other key stakeholders. The Audit Commission's responsibilities for inspection are governed by the Local Government Act 1999.
- 7.4 The District Auditor in his management letter to Members summarises the key issues arising from the audit and inspection programme.
- 7.5 This is a very positive letter. The District Auditor says the council has made improvements to many of its services over the past year and is well placed to improve further the way it works and serves local people.
- 7.6 It says the council's internal systems, particularly for performance management are improving and that it has managed its finances prudently, strengthening its reserves and financial monitoring arrangements. It also says the council's arrangements for preparing and publishing the annual accounts have improved and notes that the council has been given an unqualified opinion on its accounts.
- 7.7 The Annual Audit and Inspection Letter to Members is itself succinctly written and self-explanatory. It summarises all the key issues arising from this audit to assist the Council in achieving its goal of providing high quality services, improving and monitoring high standards of performance, all within tight financial stewardship.

8. Financial Implications

- 8.1 There are none arising directly from this report.

9. Environmental Implications

- 9.1 There are none arising directly from this report.

10. Legal Implications

- 10.1 The District Auditor considers that the Council's arrangements for ensuring the legality of transactions that might have a financial consequence continue to operate effectively.

11. Equalities Implications

- 11.1 There are none arising directly from this report.

12. Implications for preventing crime and disorder

12.1 The District Auditor considers the Council's arrangements for preventing and detecting fraud and corruption are effective.

13. Consultation

13.1 There has been no external consultation regarding this report.

14. Background papers None

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