

Report of: Director of Finance

Meeting of	Date	Agenda Item	Ward(s)
Standards Committee	30 April 2007		

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Because:

SUBJECT: ANNUAL AUDIT AND INSPECTION LETTER 2005-06

1. SYNOPSIS

- 1.1 Islington is determined to achieve the goals set out in the 'One Islington' vision. The Annual Audit and Inspection letter for 2005-06 recognises the ongoing improvements made by the Council over the past year, as evidenced in our continuing 3 Star, Improving Well rating in our 2006 Comprehensive Performance Assessment (CPA). The Letter, accompanying this covering report, was received on Friday 16th March 2007.

2. RECOMMENDATIONS

- 2.1 To note the contents of the Annual Audit and Inspection Letter for 2005-06 and welcome the positive nature of the continued improvements in services and overall Council performance set out in the Letter.
- 2.2 To note the areas for further improvement as identified in the Letter, and that these have been included in Departmental Action Plans and the Corporate Plan for the coming year.

3. BACKGROUND

- 3.1 The Annual Audit and Inspection Letter ('the Letter') provides an overall summary of the Audit Commission's assessment of the Council, drawing on the findings and conclusions from the audit of the Council, from the Corporate Assessment and from inspections that have been undertaken in the past year, and from a wider analysis of the Council's performance and improvement over the past year, as measured through our CPA.

3.2 The Letter is addressed to the Council but is available as a public document for stakeholders. A full copy of the letter is included with this report.

4. OVERALL SUMMARY AND ACTIONS

4.1 The Letter considers two main areas. Firstly, how the Council is performing. Secondly, consideration of financial management and value for money (VFM). The Letter delivers three main messages:

- The Council continues to improve well, as evidenced in the continued 3 Star, Improving Well rating in our recent CPA
- The Council received an unqualified opinion on the 2005-06 financial statements
- The Council received an unqualified opinion on arrangements for securing VFM during 2005-06

4.2 Key actions identified are for the Council to:

- Develop further arrangements for securing VFM across all service areas
- Improve performance management processes to support the Council's ambitious agenda
- Implement the records and information governance strategy and develop clearer linkages with the performance management framework
- Strengthen further the Medium Term Financial Strategy (MTFS) by more clearly identifying the cost implications of significant strategies such as workforce, commissioning and ICT strategies

5. HOW IS THE COUNCIL PERFORMING?

5.1 The key message contained within the Letter is that the Council is continuing to improve well. The Council achieved for the second year in a row, a 3 star rating and an 'Improving Well' Direction of Travel in the 2006 CPA.

5.2 The Direction of Travel report highlighted that Islington is improving well in priority areas such as social care, environmental, housing and benefits services, and that community benefits have been achieved through partnership working. The report highlighted improvements that have been made around VFM.

5.3 The Council was assessed as performing well in our Corporate Assessment for ambition, prioritisation, capacity and achievement, although less well for performance management.

5.4 The Housing inspection published in June 2006 assessed the Council as providing a good, 2 star service that has excellent prospects for improvement. In particular, strengths noted included a well developed and wide ranging involvement with stakeholders, and a good approach to VFM through effective benchmarking.

6. FINANCIAL MANAGEMENT AND VALUE FOR MONEY

6.1 The 2005-06 accounts were given an unqualified opinion and an unqualified conclusion on the arrangements for securing VFM.

6.2 The Council's overall Use of Resources assessment remained the same as in the previous year, although the District Auditor does note improvements in the Council's arrangements, in particular, in respect of financial standing and risk management arrangements. A number of improvements were identified for the Council to take forward over the next year, including further strengthening the MTFS by developing clear linkages between the cost

implications of significant strategies, such as workforce, commissioning and ICT strategies, and embedding the arrangements to support VFM and performance improvement.

- 6.3 A number of improvements are already being progressed. For example, we are reviewing the Council's Performance Management Framework and developing a Medium Term VFM Strategy (MTVS), in order that processes around VFM and performance can be further embedded.
- 6.4 The Letter recognises the challenging financial environment faced by the Council from below average financial settlements, and the increased efficiencies target likely to arise from the Comprehensive Spending Review 2007.
- 6.5 The District Auditor issued a report in 2006 on the Council's arrangements for the capital programme. The report recognised that the Council has improved the way that the programme is managed, but needs to make some improvements including adopting on a Council-wide basis improved profile and objectives monitoring arrangements.

7. FINANCE IMPLICATIONS

- 7.1 These are contained within the report.

8. LEGAL IMPLICATIONS

- 8.1 None

9. EQUALITIES IMPLICATIONS

- 9.1 None

10. CONCLUSIONS

- 10.1 The Letter demonstrates the continued progress the Council has made over the past year, which has led to improvements in our Use of Resources assessment, and a continued 3 Star, Improving Well rating in our CPA. The areas of further improvement identified in the Letter will be embedded in the Council's performance management regime to ensure they are addressed over the next year.

Background Papers

Annual Audit and Inspection Letter 2005-06

Final Report Clearance

Signed by

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Director of Finance

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Date

Received by

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Head of Democratic Services

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Date

Responsible Officer : Mike Curtis, Director of Finance
Report Author : Tony Watts, Head of Financial Planning
Tel : 020 7527 2879
E-mail : tony.watts@islington.gov.uk