

# **Annual Audit and Inspection Letter**

**Bolton Metropolitan Borough Council**

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles.

- Auditors are appointed independently from the bodies being audited.
- The scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business.
- Auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998, the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

### **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:

- prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission; and
- addressed to members or officers and prepared for the sole use of the audited body; no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

### **Copies of this report**

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## Key messages

- 1 This report 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 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 The report 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 The main messages for the Council included in this report are as follows.
  - The Council is performing strongly. It is making good progress in its priority themes. Service performance continues to be strong, and is delivering improvements that local people notice.
  - Its ambitions are clear and challenging, and it plays a leading role in addressing issues that matter to local people. Partnership working is a strength, and underpins a Local Area Agreement (LAA) that is based on a sound understanding of people's needs.
  - Improvements have been made in the health of young and older people. The Council recognises that more needs to be done to achieve a faster pace of improvement.
  - Strong partnership working is delivering improvements to the Council's housing stock. Prosperity and new opportunities for local people are increasing, due to marked improvements in economic growth and regeneration.
  - Significant progress has been made in reducing crime, particularly in the most deprived neighbourhoods, and people say they feel safer.
  - Despite improvements in areas such as street cleanliness and GCSE results, performance remains below the national average.
  - There are opportunities for the Council to strengthen its leadership on sustainability by acting as a role model, promoting sustainability within its own premises and elsewhere, by minimising the volumes of waste, and by ensuring that contractors deliver to sustainability requirements.
  - Whilst overall capacity is good, it can be further improved by making continued improvements in the level of sickness absence. Robust and effective performance management systems are in place, and there is a culture of performance management throughout the organisation.
  - The Council understands its different communities well, and diversity lies at the heart of service design and delivery.
  - Value for money is integral to decision-making, and the Council is well-placed to manage its resources to deliver its aims and priorities.

## **Action needed by the Council**

**4** From the Direction of Travel assessment:

- work with partners to continue to reduce health inequalities;
- continue to improve attainment for all pupils at GCSE, and address the low attainment of looked after children;
- make further improvements to the environment by improving street cleanliness, recycling and domestic waste;
- improve its leadership around environmental sustainability, particularly within its own buildings; and
- further reduce the levels of sickness absence to improve the Council's ability to maximise the capacity of its workforce.

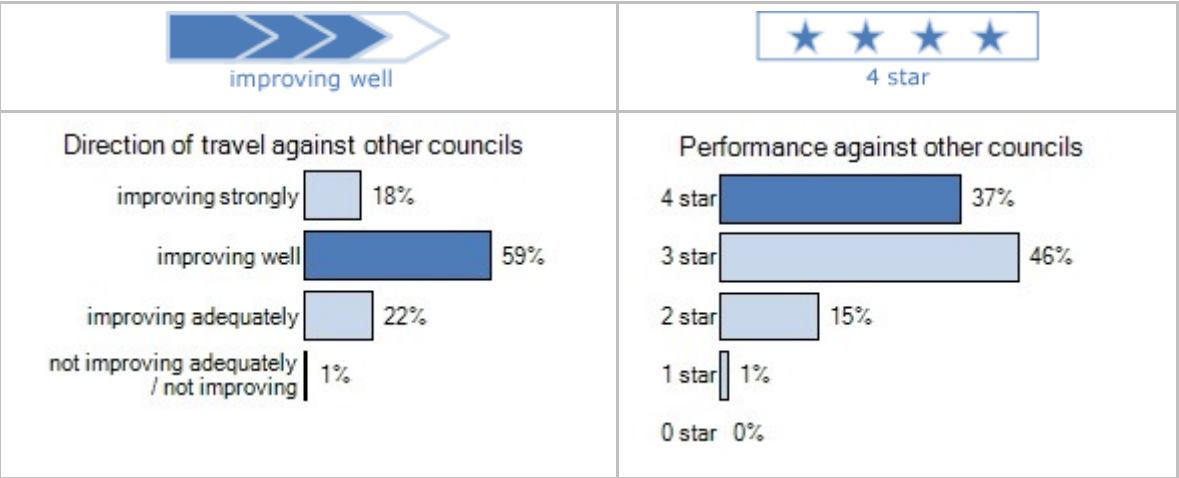
## Purpose, responsibilities and scope

- 5 This report provides an overall summary of the Audit Commission's assessment of the Council. It draws on the most recent Comprehensive Performance Assessment (CPA), the findings and conclusions from the audit of the Council for 2006/07 and from any inspections undertaken since the last Annual Audit and Inspection Letter. [It also includes the results of the most recent corporate assessment.]
- 6 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.
- 7 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](http://www.audit-commission.gov.uk). [In addition the Council is planning to publish it on its website].
- 8 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.
- 9 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.
- 10 We have listed the reports issued to the Council relating to 2006/07 audit and inspection work at the end of this letter.

# How is Bolton Metropolitan Borough Council performing?

11 The Audit Commission's overall judgement is that Bolton Metropolitan Borough Council is improving well and we have classified Bolton Metropolitan Borough Council as four-star 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.

Figure 1



Source: Audit Commission

- 12 The detailed assessment for Bolton Metropolitan Borough Council is as follows.

### Our overall assessment - the CPA scorecard

**Table 1 CPA scorecard**

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

(Note: \* these aspects have a greater influence on the overall CPA score)  
(1 = lowest, 4 = highest)

## The improvement since last year - our Direction of Travel report

### Direction of Travel from the scorecard

- 13 Bolton Council is improving well and continues to improve the quality of services for local residents. Partnership working is strong and delivering improvements which local people notice, with notable performance in reducing crime and addressing inequalities between communities. Services are targeted effectively at neighbourhoods, with a comprehensive understanding of all communities helping to increase resident satisfaction especially in deprived areas.
- 14 Noticeable improvements in economic growth and regeneration are raising prosperity levels and opening up new opportunities for local residents. An excellent track record of reducing crime and improving residents' safety has been further strengthened. Adult social care and benefits services remain excellent, housing is improving and outcomes for children are generally good.



- 15** The Council strives to be one of the best and needs to continue to focus on educational attainment, sustainability, health inequalities and the local environment. The Council is extending access to services and is now a high performer for its approach to equality and diversity. Services provide good value for money and whilst challenges remain, such as falling but still high sickness rates it has the capacity to deliver future aims, priorities and wider community aspirations.

## **Direction of Travel report**

- 16** Bolton Council remains a four-star council reflecting the strength of corporate working and the high quality of services that it delivers. A recent Corporate Assessment confirmed that the Council is taking a leading role in addressing issues which matter most to local people, resulting in a score of 4 which is well above minimum requirements.
- 17** Service scores are often strong and there has been no deterioration of performance in any of the main CPA service blocks this year. Housing services are now rated as 4 (up from 3 last year). Adult Social Care services have retained their excellent rating. The Commission for Social Care Inspection (CSCI) commented that the Council has achieved continued improvement on its already excellent performance. The Council's benefits service has also retained its excellent rating from the Benefit Fraud Inspectorate this year. Cultural and Environmental services assessments are unchanged at level 3, providing a good level of service for local residents.
- 18** The Council and its partners have a very good understanding of what is important to local people and much is being done to improve outcomes particularly in the most deprived communities. Significant community benefits have been delivered through joint analysis of local needs with key partners and the recent Corporate Assessment commented extremely positively on the effectiveness of partnership working to deliver improvements which local people notice for example in relation to crime reduction, anti-social behaviour, cleanliness and parks.
- 19** Partnership working is strong and the Local Area Agreement is firmly based on improving quality of life in Bolton in areas people say are important. Effective leadership and management and effective partnership working are delivering improved resident satisfaction with the Council and its services in key priority areas such as cleansing, recycling, pavement maintenance, housing, and social care services.
- 20** The Council has been successful in implementing ambitious and forward looking plans and has a bold vision for Bolton which is being delivered in partnership with key stakeholders. Delivery is supported by a robust strategic framework, priorities reflect local circumstances and there is evidence that challenges and opportunities are translated into action through outcome based targets for improvement. The recent corporate assessment concluded that the Council provides good value for money and whilst it faces some challenges, such as comparatively high sickness rates, it has the capacity to deliver its aims and priorities.

- 21** There is a good level of self awareness and willingness to challenge areas where performance does not match high aspirations. While improvement in educational attainment and the quality of the local environment is encouraging, there remain challenges to ensure consistent improvement across all community groups with regards to education and continuing the improvement in environmental services. Further scope exists for the Council to improve its leadership on sustainability. The Council will need to continue its focus on environmental service performance and strengthen its leadership on sustainability if it is to meet key priorities and wider community goals.
- 22** In terms of progress against the Council's priority themes.

### **Healthy Bolton**

- 23** The Council has a clear vision for improving health and life expectancy and, with its partners, has been successful in reducing premature deaths from both circulatory and respiratory diseases with the greatest improvement evident in the most deprived communities. However, there has been a slower response to health promotion and the growing health impact of alcohol misuse. Whilst health and life expectancy are improving they are doing so at a slower rate than the average for England and there is still a 15-year difference in life expectancy across the Borough. The Council is aware that more needs to be done to achieve faster improvement in the health of local people, including of its own employees.
- 24** In Adult Services, the many strengths highlighted in the Annual Performance Assessment (APA) included the promotion and support of a healthy living programme, well established joint working with health, and improved performance in preventing unnecessary hospital admissions and reducing delayed discharges.
- 25** Regarding the health of children and young people, the 2007 APA noted that the contribution of the Council's services to improving health outcomes for children and young people is good. The quality of services provided to improve sexual health outcomes is also good.

### **Achieving Bolton**

- 26** Children's services have retained an overall assessment of 3 as part of the APA and are regarded by Ofsted as consistently delivering services at a good level in health, economic wellbeing and safeguarding. The contribution of the Council's services to improving outcomes for children and young people's enjoying and achieving was judged adequate. Whilst results at Key Stages 1 and 2 are in line with similar councils and national averages, those at Key Stages 3 and 4 are below the national average. However, the percentage of pupils achieving good GCSEs continues to improve.
- 27** Educational attainment of young people looked after is low and they have a relatively higher rate of absence from school. Post 16 provision is failing to engage with some young people resulting in a high proportion not in education, employment or training. The Council is aware that more needs to be done if local people are to benefit from new opportunities arising from the development of the local economy and the regeneration of the Borough.

## **Prosperous Bolton**

- 28** The Council is a strong community leader and works effectively with others in the public, private and voluntary sectors both within the Borough and beyond. With its partners, the Council has made noticeable improvements in regenerating and improving the prosperity of the Borough, and its Innovation Zone development is regarded by NWDA and sub-regional partners as an opportunity of regional importance. It has had a significant influence in attracting large scale investment, while improving deprived areas and opening up new opportunities to residents in the most deprived areas, with the Workshop initiative, in particular, delivering strong employment outcomes for hard-to-reach residents. Bolton is expected to generate around 16,000 new jobs, over the next 10 years.
- 29** The efforts of the Council and its partners to develop a sustainable local economy and to take advantage of the growth of the Manchester City Region are now delivering results. Economic growth is beginning to replace the need for regeneration. The Council has been instrumental in attracting interest from investors and the borough is now the fifth largest employment centre in the North West. A sophisticated and successful approach to positioning and marketing Bolton, as an investor destination of choice, has helped secure a projected £1.2 billion in new private investment in the Town Centre, alone, which will help to create around 10,000 new jobs in key growth sectors.

## **Safe Bolton**

- 30** The Bolton Be Safe Partnership has made considerable progress in improving the safety of local communities. Although Bolton is still a relatively high crime area, there has been significant progress in reducing crime particularly in the most deprived neighbourhoods and local people say they feel safer. For example, overall crime has fallen faster than national rates, domestic burglary has halved, serious wounding is down and vehicle crime is down notably. Partners are on track to achieve national and additional stretch targets for high crime areas, which is very good performance within the city region.
- 31** The Council has developed extensive and highly-regarded approaches to tackle anti-social behaviour (including receiving a beacon award). For example, mentoring and diversionary activities are part of the range of services offered through a major town centre youth facility which is supported by the Council.
- 32** Access to substance misuse treatment services is in the process of being strengthened through the commissioning of new services. There has been effective high intensity work with prolific offenders with drug misuse problems. A growth in the night-time economy has increased problems associated with alcohol abuse.

## **Clean and green Bolton**

- 33 The Council has made good progress in creating and maintaining attractive and welcoming parks and in improving local neighbourhood environments. Two parks have gained Green Flag status in the last year. Street cleanliness, one of the top priorities for local people and a key element of the priority theme of 'cleaner and greener', has improved significantly in recent years. However, further improvement is needed to address comparably low performance in cleanliness, including graffiti and litter.
- 34 The Council has mixed success in its approach to sustainability. Recycling increased to 29 per cent in 2006/07 and the Council aims to achieve 50 per cent recycling by 2020 in line with Government policy. It is working well in partnership with nine other Greater Manchester councils to develop a sustainable approach to waste management. However, domestic waste is still growing and the cost of the waste collection service has risen as a result of the Council's recent decision, in response to public opinion, to revert to weekly collections from the fortnightly domestic waste collection introduced in 2006.
- 35 The Council demonstrates leadership on sustainability at strategic level but this is not evident within its own buildings. Opportunities exist to strengthen its leadership on sustainability by providing a good role model as an organisation, promoting sustainability within its own premises and elsewhere, by minimising the volumes of waste, and by ensuring that contractors deliver to sustainability requirements.

## **Strong and confident Bolton**

- 36 The Council achieved level 4 of the National Equality Standard in 2007. Nationally only about 2 per cent of Councils have achieved this level. It has also been successful in raising the proportion of Council staff from BME groups from 5.9 per cent in 2005/06 to 7.2 per cent in 2006/07 (close to its target level) and numbers of staff with disabilities are increasing. The Council is therefore able to demonstrate that its commitment to 'fairness' is translated into service delivery and in its own workforce. Priority setting at neighbourhood level is good and inclusive of the views of different communities and partners. As a result the Council has been able to identify and respond to local priorities within the context of a borough-wide approach.
- 37 External awards recognise the good work which is taking place, for example, in supporting disadvantaged people - the Council achieved Beacon status for homelessness, tenant involvement, reducing re-offending and private sector housing renewal.
- 38 Strong partnership working is delivering improvements to the Council's housing stock and housing is integrated with wider community developments, focusing on the regeneration of neighbourhoods rather than just improving housing stock. The Decent Homes Standard will be met in spring 2008, two years in advance of the Government's deadline.

## **Other areas**

- 39** Political and managerial leadership are strong and effective. Managers and staff have a good focus on the delivery of improved outcomes for local people and are supported by effective workforce planning and development. Although sickness levels have reduced, they remain high at 10.98 days per employee. Whilst sickness absence places some limitations on the Council's ability to maximise the capacity of its workforce, it is working effectively to achieve further reductions.
- 40** Comprehensive performance management arrangements are underpinned by a culture of performance improvement at all levels of the organisation. There are robust performance management systems and performance is openly managed with partners. Councillors engage very well in the performance management of services but their involvement at strategic level is more limited. The Council's strong focus on local neighbourhoods and their diversity is reflected in the performance management of some services and areas.
- 41** Value for money is built into decision making. The Council has identified high cost services and has targeted and secured efficiencies in the region of £11 million in 2006/07 exceeding its own two-year efficiency target by £5 million. The Council has a good understanding of the impact of its decisions on costs for example in the decision to revert to weekly waste collection and sound financial management means that the Council is well placed to manage its resources for the delivery of aims and priorities.

## **Other work**

### **Health inequalities**

- 42** The Health Inequalities review which reported across all Greater Manchester authorities and trusts in January 2007 following the Health For All conference in December 2006 will be followed up as planned during 2008. This work has now commenced and expects to report in the late spring. The work will consist of a follow up of the key recommendations made as well as focused work on alcohol, mental health and commissioning in relation to health inequalities. The work is being co-ordinated through the Greater Manchester Health Leadership Group.

### **Social Needs Transport (SNT) - phase 2**

- 43** Our phase two work across Greater Manchester was completed in November 2007 and is reported through an overarching report which draws together the key messages, conclusions and recommendations from the review covering:
- progress made since phase 1;
  - the mapping of services workstream;
  - the route planning and scheduling workstream; and
  - the cost and activity workstream.

- 44** The review concludes that some improvements have been made by individual organisations with reviews of SNT services taking place and user views being considered. Bolton Council has made some good progress around SNT by integrating education and social care transport services, implementing a route planning and scheduling system and working closely with the PCT, for example to help speed up discharges from Accident and Emergency.
- 45** However, across Greater Manchester we have identified the need for a significant improvement in the level of information and advice for users, opportunities for improving collaborative working and sharing learning on service developments and concerns over value for money. Now that the review has examined the delivery element of the process it is important that further work is undertaken on commissioning to see what further improvements can be made in the range and quality of Special Needs Transport Services.
- 46** Potential opportunities for integration across Greater Manchester need to be effectively evaluated and it is unclear how improvements will be championed and brought into operation. In addition to responses from individual organisations to the findings from this review we are seeking responses through the Association of Greater Manchester PCTs and Association of Greater Manchester Authorities.

## **Service inspections**

- 47** 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.
- Ofsted;
  - Commission for Social Care Inspection (CSCI);
  - Benefit Fraud Inspectorate (BFI); and
  - Local Government Office contact.

These assessments have been integrated in the previous sections of the direction of travel report.



## The audit of the accounts and value for money

**48** Your appointed auditor has reported separately to the audit committee on the issues arising from the 2006/07 audit and has issued:

- an audit report, providing an unqualified opinion on your accounts [or otherwise] and 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.

### Use of Resources

**49** 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).

**50** For the purposes of the CPA your auditor has assessed the Council's arrangements for use of resources in these five areas as follows.

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**Table 2**

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

*(Note: 1 = lowest, 4 = highest)*

### **The key issues arising from the audit**

- 51** Overall, the Council is demonstrating its processes are embedded and is progressing towards a level 4 in some areas. It has improved scores for two of the areas since the 2006 judgements but has seen a reduction in one area where there is an opportunity to strengthen internal control arrangements.
- 52** Within the area of financial management, the Council achieved the highest score possible for managing its budget performance. Asset management has been improved through developing a more effective link between the Asset Management Plan and other key corporate strategies.
- 53** A sound system of internal control continues to be in place within the Council. There is an opportunity to strengthen arrangements in the area of probity and propriety, and work is underway to address the issues identified relating to the counter fraud culture and publicising the whistle blowing arrangements.
- 54** Overall, the Council achieves good value for money. Costs for key services demonstrate best value compared to other authorities providing similar levels and standards of services. The Council will need to demonstrate, via the current value for money exercise, that achieving and improving value for money is integral to its performance management arrangements.



## Looking ahead

- 55 The public service inspectorates are currently developing 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.
- 56 CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate annual area risk assessment and reporting performance on the new national indicator set, together with a joint inspectorate annual direction of travel assessment and an annual use of resources assessment. The auditors' use of resources judgements will therefore continue, but their scope will be widened to cover issues such as commissioning and the sustainable use of resources.
- 57 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 Local Area Agreements.

## Closing remarks

- 58 This letter has been discussed and agreed with the Chief Executive. A copy of the letter will be presented at the executive committee on 14 April 2008. Copies need to be provided to all Council members.
- 59 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.

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**Table 3      Reports issued**

Report	Date of issue
Audit and inspection plan	March 2006
Annual Governance Report	September 2007
Opinion on financial statements	September 2007
Value for money conclusion	September 2007
Corporate Assessment Report	December 2007
Use of resources auditor judgements	January 2008
Annual audit and inspection letter	March 2008

- 60 The Council has taken a positive and constructive approach to audit and inspection work, and I wish to thank the Council's staff for their support and cooperation during the audit.

## Availability of this letter

- 61 This letter will be published on the Audit Commission's website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk), and also on the Council's website.

**James Foster**  
**Relationship Manager**

March 2008