

# **Annual Audit and Inspection Letter**

**Castle Point Borough Council**

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As an independent watchdog, we provide important information on the quality of public services. As a driving force for improvement in those services, we provide practical recommendations and spread best practice. As an independent auditor, we ensure that public services are good value for money and that public money is properly spent.

### **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.

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## Our overall summary

- 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 any inspections that have been undertaken in the last year. The letter includes our review of how well the Council has progressed (our Direction of Travel report) and the auditor's assessment of how well the Council has managed its finances (the Use of Resources scores). These latter components will be an important feed into any future decision regarding the potential for a rescoring the Council's Comprehensive Performance Assessment (CPA) category.
- 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:
- 4 Improvements have been made in key priority areas, and sustained improvement in outcomes for local people is demonstrated in some important services. Improvements have been delivered in the benefits and environment services. There is a focus on services previously poorly managed, such as leisure which is now offering better services and is stabilised financially. Community engagement is improving both through the neighbourhood forums and improved communication. Effective partnership working including with the Thames Gateway partnership and the primary care trust is helping the delivery of priorities. However there is not a consistent approach to capturing the views and levels of satisfaction from residents.
- 5 A clearer focus on corporate priorities, which address community aspirations, has been achieved. Councillors and staff are working closely and effectively to deliver priorities. Capacity is increasing both at a councillor and officer level. However, an effective performance management culture is not yet embedded. The approach to demonstrating value for money is not fully effective and scrutiny has yet to demonstrate impact on improving outcomes for local people.

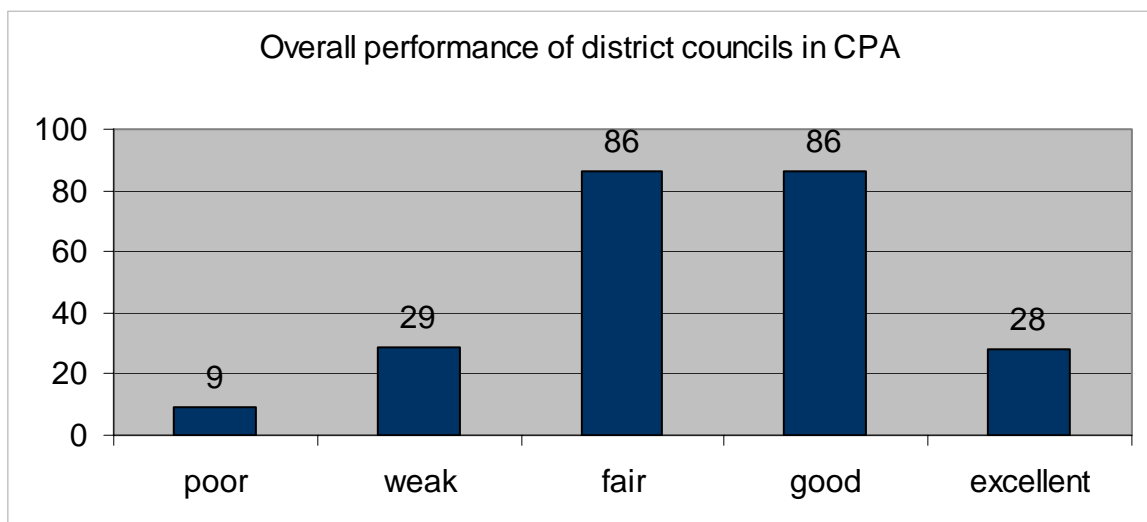
## Action needed by the Council

- The Council needs to embed its performance management arrangements, ensuring all managers take responsibility for service delivery.
- The Council needs to continue to develop arrangements for Value for Money (VfM) including cost to performance analysis.
- The Council needs to enhance its capacity in some key support mechanisms such as improved project management and utilising satisfaction information effectively.

## How is Castle Point Borough Council performing?

- 6 Castle Point Borough Council was assessed as Poor in the Comprehensive Performance Assessment carried out in 2004. These assessments have been completed in all district and borough councils and we are now starting to update these assessments, through an updated corporate assessment, in councils where there is evidence of change. The following chart is the latest position across all district and borough councils.

**Figure 1 Overall performance of district councils in CPA**



Source: Audit Commission

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

### What evidence is there of the Council improving outcomes?

- 7 Generally performance across services is improving. Based upon an Audit Commission basket of indicators, 63 per cent have improved since 2004/05. This is above the average of 61 per cent for all district councils in England. 57 per cent of indicators were in the best performing quartile in 2005/06 which is significantly above average when compared to all district councils. Key front line services are improving in support of corporate aims although there are some services which are not meeting the Council's own targets such as the composting of domestic waste. Improved performance has been achieved against corporate priorities, particularly against the priority for 'regeneration and homes'.
- 8 Key front line services are improving outcomes for local people. Sustained focus on improving the benefits service has resulted in new claims now being processed in 26.2 days in 2005/06 compared to 68 days in 2003/04. The service has moved from being in the worst 25 per cent nationally to being in the best 25 per cent. The Council is therefore improving services to those in greatest need.
- 9 Environment services have delivered significant improvement. The standard of cleanliness of the streets is now in the best 25 per cent of councils nationally. Many environment services are delivered by a contractor. This effective partnership has enabled targeted improvements to be delivered such as the beach refurbishment at Thorney Bay, a popular residential and visitor location on Canvey Island. Other successful initiatives such as the 'litter reduction plan' have been introduced with 38 local businesses, including fast food outlets, having signed agreements to address litter outside their premises. Increased kerbside recycling and composting collection schemes has resulted in an improvement in recycling from 18 per cent in 2003/04 to 20 per cent in 2004/05 and 24 per cent in 2005/06. Although showing improvement the recycling and composting rate is below median when compared to all councils and the Council's own target for composting was not achieved in 2005/06. The Council is improving performance and delivering against the corporate priority for the environment and civic pride.
- 10 The Council is delivering against the corporate priority for regeneration and housing. This is being achieved both through improved delivery of services and through effective partnership working, particularly with Thames Gateway partners. Access to Canvey Island has been improved through the new link road to the Charfleets industrial estate and a new £50 million business park has been approved. Although performance in determining major planning applications is poor the speed of determining other categories of planning applications has improved over the last three years to that of a level comparable to the best 25 per cent of all councils. Applicants are now able to track the progress of their planning application on the Council's website.

- 11 A strategic approach is being taken to address previously poorly managed leisure services. External consultants are managing facilities on an interim basis. The service is now stabilised financially and improvements have already been delivered for users. These include the refurbishment of some facilities and the introduction of new services in response to customer requests. This has contributed to increased satisfaction levels with Leisure facilities. The Council is also looking at innovative options for the future operation of different elements of the leisure and community service with a holistic vision of community Leisure provision that includes engaging with a variety of partners.
- 12 The Council is working well with partners to deliver its priorities. For example progress against the community safety priority has been achieved through the Council part funding the appointment of four police community support officers. In addition, new CCTV surveillance has been put in place in specific hotspot areas such as near the new public convenience at Lubbins on Canvey Island.
- 13 The Council does not effectively identify the levels of satisfaction with services. It is aware of the need to improve methods of collecting satisfaction data and to have a more consistent approach to ascertaining and responding to the views of service users. Relationships with the local media have improved with a local paper now having an office in the Council and there are regular media briefings hosted by the chief executive. The Council is more proactive at promoting successes and defending criticism both in the local media and through the much improved redesigned of the quarterly council newspaper, Castlepoint Borough News.
- 14 There is a focus on increasing engagement with the community in the delivery of services. The introduction of quarterly neighbourhood forums has been successful. Members of the public are invited to submit questions in advance so that the appropriate officer is able to respond at the meeting. Councillors also attend these meetings. In addition the planning committee has determined a major planning application in the local community. The committee held on Canvey Island had more than 500 members of the public in attendance. Although there is scope to increase the range of services delivered locally, such as through outreach offices, the Council is making services and decision making more accessible.
- 15 The Council's arrangements for VfM have improved and are now achieving minimum requirements. It is not clear whether VfM is being secured in all service areas. The Council is therefore working to improve its understanding VfM through the implementation of a VfM project with VfM assessments for key service areas. The improvements in service planning incorporate the need to address VfM at service level. Overall financial management is sound, a balanced budget was achieved in 2004/05 and 2005/06 and all Gershon efficiency targets have been exceeded.

## **How much progress is being made to implement improvement plans to sustain future improvement?**

- 16** Revised corporate priorities have been developed through effective consultation and engagement with key stakeholders. There has been a rationalisation and reduction in the number of priorities. This has improved focus. Consultation identified the top priorities for residents as: clean streets (19 per cent); feeling safer (18 per cent), and protecting the green belt (14 per cent). This is reflected in the revised priorities, summarised as ERIC: Environment, Regeneration and homes, Improving the Council and Community Safety. This demonstrates a balancing of the need to improve front line services with the need to continue the momentum of internal improvement.
- 17** There is good understanding of corporate priorities by councillors, officers and front line staff. The Council has re-developed its planning processes and produced its first corporate plan in June 2006. The plan sets out a series of realistic actions to achieve key priorities. It incorporates an annual report as well as core performance data and targets and ensures that a corporate focus is maintained. The corporate priorities link to the themes of the local area agreement. A new community strategy is being developed to address the need for clear targets and improved performance management. The Council is therefore putting in place a clear medium term strategic direction.
- 18** There is a clear and more focused approach to performance management. In 2005 a new performance management framework was put in place and medium term service plans have been in place for the last two years. Although a performance management culture is not yet fully embedded across the whole organisation, a more robust approach to producing service plans with clear targets and links to value for money, are planned to be in place for 2007/08. The framework ensures that corporate priorities are reflected in service plans. Targets will be subject to internal challenge, including by councillors, to ensure they result in improving services. This helps address the issue of targets not being met in the past - only 68 per cent of targets were met in 2005/06. Risk management is developing with risk registers in place for each service area and formal management arrangements to ensure delivery of corporate priorities are being developed. An improved approach to data quality is emerging through the use of new systems including Covalent. The Council is therefore putting in place the necessary systems to actively manage and monitor performance supporting the delivery of the new corporate plan.
- 19** Strategic capacity has been improved. Following the appointment of the chief executive in 2005 a number of new staff at senior levels have been appointed. New posts have been introduced such as that of the Improvement Manager and Partnership Manager posts. A new head of Democratic Services has been appointed as well as a new Head of Planning Services. These changes are already resulting in improved services such as in development control. A restructure has further focused services to work closely to deliver corporate priorities.

- 20 Political leadership and working relationships between officers and councillors are improving. Regular liaison sessions, focus groups and “away days” are a feature of the improved joint working. The chief executive attends the group meetings of both parties represented on the Council as appropriate. Councillor champions are in place to strengthen leadership in a number of key areas such as diversity and customer focus. Training for councillors is in place, some of which is jointly undertaken with neighbouring councils. To increase participation training is scheduled immediately prior to committee meetings, although not all councillors particularly backbenches have taken up these training opportunities.
- 21 Committee structures have been streamlined to reflect those of services. This has resulted in a reduction in the number of committees, less complexity and a greater focus on strategic decision making. Agendas are shorter and more focussed on strategic issues. The relationships between policy and improvement committees are structured to ensure appropriate focus.
- 22 Community leadership has been developed and partnership working enhanced. Councillors take an active role as representatives on partnerships. At a local level this has delivered improved facilities for local people such as the skateboard park at Waterside Farm. This was achieved in partnership with Canvey 2000, a voluntary sector organisation, which supports better outcomes for young people. The Council is working closely with the primary care trust to develop a community health centre at the Paddocks. At a strategic level the leader has been instrumental in the re-launching of the local strategic partnership and is also an active member on the Thames Gateway South Essex Board. However not all councillors and staff have a clear understanding of the aim of the Thames Gateway project or of the role of the Council in delivering this important agenda aimed at major regeneration.
- 23 Scrutiny is not fully effective. Although it is now focusing on specific issues, such as the swimming pool admission policy, as well as cross cutting issues, no clear outcomes have resulted. VfM has not been tackled effectively although two panels of scrutiny members have now been appointed to review the VfM arrangements in place for the homelessness and parks and open spaces services. In order to improve the role of scrutiny in performance management, plans are in place for exception reporting.
- 24 Human resource management is improving. New recruitment and retention policies are reducing staff turnover. Members of staff are clear of their role in delivering services and have personal development reviews which set clear targets to be achieved. Mentoring and leadership programmes are in place to build the key skills of managers. Diversity training has been implemented for all staff, and every service area has undertaken a diversity impact assessment. A training officer has been appointed, resulting in a clearer focus of meeting staff development needs. Key strategies such as a staff competency framework and workforce development plan are in place. The robust approach to sickness absence has been well received by staff and has reduced sickness absence from 13.4 in 2005/06 to a projected 10.5 days per employee in 2006/07. It includes using a medical contact centre to support staff who become unwell. Improved capacity is helping the Council deliver better services.

- 25 Communication is improving both internally and externally. Internally communication is seen as a strength by staff who are aware of the direction of the Council and their contribution to service aims and corporate priorities. This has been supported by team meetings cascading corporate messages, the monthly staff newsletter Grapevine and posters, and chief executive briefings to staff. Members are now better informed through the introduction of a regular information sheet that highlights key issues across all services. Externally Castlepoint Borough News which is delivered to all households and the proactive approach to engaging with the local media is assisting in informing the community about council issues.
- 26 Although there have been some delays, the Council is preparing well for alternative ways of delivering leisure and housing services. Stabilising leisure services through the interim management by consultants has enabled focus on the options for the long term delivery of facilities. Preparations are being made for a vote by tenants on the proposed large scale voluntary transfer (LSVT). The vote is now likely to take place in November 2007. This offers the prospect of investment to enable delivery of the decent homes standard. A vote against LSVT may have significant financial implications for the Council. These are major issues facing the Council and impact significantly on the ability to deliver corporate priorities.
- 27 Project management is not fully effective, although there have been some improvements. The Council has used robust project managements for key areas of focus such as the voluntary stock transfer and the development of the Leisure strategy. The project management arrangements for more minor projects are less clear. For example although a project management handbook is in place there is a considerable variance in the quality of project planning, as governance arrangements for project management are not in place. A review of project management process and provision of more training on project management is planned to improve this. A Project Board with senior officers and member representation has been established to ensure the corporate improvement planning arrangements are effective. Although it is too early to identify clear outcomes the Board aims to monitor and challenge action planning and performance against key indicators. Effective project management is important for the Council in delivering priorities, and addressing the major issues that it faces in the next year.

- 28 The Council is improving its approach to procurement and VfM. Major service areas have completed a VfM assessment and the improving approach to understanding value for money has been recognised in this years scored judgement. However, understanding of VfM is not yet in place for all service areas. A peer review of procurement was undertaken by the procurement agency for Essex and this has formed the basis of action planning to improve strategic procurement, although outcomes are not yet evident. However, procurement capacity is increasing through involvement in the Essex procurement hub. Asset management is an area of weakness. This is recognised by the Council. An asset management plan is now in place and procurement capacity is increasing through involvement in the Essex procurement hub. However a clear approach to procurement which is linked to VfM in service delivery has yet to be developed. Developing these issues as part of the overall approach to resource management is important to the delivery of the 'Improving the Council' priority.
- 29 Following an application by the council for a recategorisation of their corporate assessment score the Audit Commission has reviewed the performance of the Council and has identified there may be sufficient evidence for the CPA score to increase. Therefore the panel has agreed that a corporate assessment will be undertaken during 2007 to review the Council's overall CPA score.

## Service inspections

### **Street Scene – fair service with promising prospects for improvement.**

At the time of the inspection the inspectors found:

- 30 "The public is starting to get a much better street scene service from Castle Point Borough Council. The streets are now kept clean, the recycling service is developing and costs are being kept down. The Council now needs to develop the service with its partners to boost levels of recycling and improve the other aspects of Castle Point's street scene."
- 31 The Council is now keeping the streets clean and the refuse collection is reliable, and at low cost. Fly tips and abandoned cars are removed promptly. The Council provides plain English service standards, has a 24-hour litter hotline and provides a variety of methods to access services. There is a strong commitment by councillors and officers to improve the service and a new contract has been put in place to control costs and improve standards.
- 32 However some aspects of the service are unsatisfactory, such as graffiti removal, as well as the condition of public toilets and bus shelters. Car parks are of variable quality and the level of recycling is below average. Public satisfaction is mixed and the diverse needs of local people have not been addressed fully. The Council does not have clear objectives or action plans covering green issues such as energy use and emissions.

- 33 To help the service improve, inspectors recommended that the Council should develop a broader, long-term plan for the service and the environment and should involve the public more in the service, through a user forum and staff training.
- 34 The services inspected included street cleaning, refuse, recycling, car parks, public conveniences, verges, street furniture and environmental sustainability. These services (at the time of the inspection) were provided directly by the Council's staff from its Benfleet offices and its depot on Canvey Island.

### **Planning service - fair service with uncertain prospects for improvement**

At the time of the inspection the inspectors found:

- 35 There is good provision of specialist housing to meet the needs of elderly and disabled people and the Council is good at protecting the green belt from inappropriate development. The Council turns around most planning applications more quickly than average and the service provides value for money. It is on target to provide the number of houses and jobs required to meet regional planning policy.
- 36 Areas for improvement identified included: It has been slow to provide affordable housing to meet the needs of young people and those on low incomes. Internal systems to manage VfM need to be improved. Large planning applications take longer than they should to be decided and more needs to be done to provide affordable housing for young people and those on low incomes. The Council also needs to improve the way it finds out about the needs of its customers in general and hard to reach groups in particular. The roles of officers and members are not clearly defined and made clear to the public and member training has been limited.
- 37 As a result inspectors recommended that the Council needed to improve communications with the public and partners to make sure the needs of all residents are taken into account. It needs to improve the service's efficiency and effectiveness including making the planning process more understandable for the public.
- 38 The services inspected included planning policy; conservation and environment enhancement; development control; enforcement; searches; building control and regeneration functions. It also examined how the service works with others, such as the Thames Gateway, to achieve its goals.

## Financial management and value for money

39 Your Appointed Auditor has reported separately to the Overview and Scrutiny Committee on the issues arising from the 2005/06 audit and has provided:

- an unqualified opinion on your accounts;
- a conclusion on your VfM arrangements to say that these arrangements are adequate 'except for' meeting the following criteria:
  - put in place arrangements to manage its significant business risks; and
  - put in place arrangements to manage and improve value for money; and
- a report on the Best Value Performance Plan confirming that the Plan has been audited.

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 the Council's 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).

- 40 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**

<b>Element</b>	<b>Assessment</b>
Financial reporting	4 out of 4
Financial management	3 out of 4
Financial standing	3 out of 4
Internal control	2 out of 4
Value for money	2 out of 4
Overall assessment of the Audit Commission	3 out of 4

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

- 41 The key issues arising from the audit, as reflected in the above judgements where appropriate, are as follows:
- the Council has been assessed as performing strongly in Financial Reporting as a result of the Council's track record of early implementation of new accounting guidance, influencing interpretation of guidance at a national level and high quality accounts and working papers provided for audit;
  - internal control arrangements were found to be adequate, the mechanisms have been put in place to enhance arrangements but time is needed to demonstrate that the risk management culture has been embedded; and
  - arrangements to improve value for money have progressed with an updated procurement strategy in place, but the overall improvement arrangements need to be embedded through the increased use of benchmarking and robust challenge.

## Conclusion

- 42 This letter has been discussed and agreed with David Marchant. A copy of the letter will be presented at an appropriate meeting in 2007.
- 43 The Council has taken a positive and constructive approach to our audit and inspection I would like to take this opportunity to express my appreciation for the council's assistance and co-operation.

## Availability of this letter

- 44 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.

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