

Annual Audit and Inspection Letter

Castle Point Borough Council

Audit 2007/08

March 2009



Contents

Key messages	3
Purpose, responsibilities and scope	4
How is Castle Point Borough Council performing?	5
The audit of the accounts and value for money	12
Looking ahead	15
Closing remarks	16

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any member or officer in their individual capacity; or
 - any third party.
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Key messages

- 1** The Council is delivering against all its priority areas and providing quality services to vulnerable people. Some services such as benefits and planning are among the best nationally. Access to services and the approach to diversity and equality are strong.
- 2** Performance management is improving and partnership working is supporting the delivery of positive outcomes for local people.
- 3** Solid progress is being made to regenerate the borough. A high performing planning service supports development. The Council continues to be highly successful in obtaining external funding to support regeneration including £2.3 million from the government and £800,000 from the European Social fund.
- 4** There is a clear statement of the strategic direction through the longer term 'Routemap to excellence' which sets out what the Council aims to achieve and this assists in the development of corporate priorities.
- 5** The Council has developed an effective approach to health inequalities.
- 6** The Council's appointed auditor gave an unqualified audit opinion on the Council's 2007/08 Statement of Accounts and an unqualified conclusion on the Council's value for money arrangements.
- 7** The Use of Resources arrangements at the Council were assessed as Good. Within this assessment we identified examples of notable practice in financial reporting.

Action needed by the Council

- 8** The overview and scrutiny function needs to demonstrate full impact through improved outcomes for local people.
- 9** The Council needs to ensure that leisure services are adequate to meet the future needs of the community.

Purpose, responsibilities and scope

- 10 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 2007/08 and from any inspections undertaken since the last Annual Audit and Inspection Letter.
- 11 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.
- 12 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. (In addition the Council is planning to publish it on its website).
- 13 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.
- 14 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.
- 15 We have listed the reports issued to the Council relating to 2007/08 audit and inspection work at the end of this letter.

How is Castle Point Borough Council performing?

16 Castle Point Borough District Council was assessed as Good in the Comprehensive Performance Assessment inspection carried out in 2007. The following chart is the latest position across all district councils.

Figure 1 Overall performance of district councils in CPA



Source: Audit Commission

The improvement since last year - our Direction of Travel report

Summary

- 17** Castle Point Borough Council has continued its solid improvement journey to deliver services that are high performing and flexible in meeting community need. The rate of improvement compares highly to other councils and this is from an already high base. The Council is delivering against all its priority areas and providing quality services to vulnerable people. Some services such as benefits and planning are among the best nationally whilst others such as housing are delivering mixed outcomes. Access to services and the approach to diversity and equality are strong.
- 18** Parallel to this improvement in service provision has been the well managed and significant corporate restructuring. This includes changing political arrangements as well as management and service restructures. This has aligned capacity and resources to priorities. The Council is responding well to challenges such as the failure to secure a tenant vote for housing stock transfer. Performance management is improving and partnership working is supporting the delivery of positive outcomes for local people. Challenges remain, including ensuring that leisure services are fit for purpose; and delivering the core strategy enabling the solid progress in regeneration to be continued.

What evidence is there of the Council improving outcomes?

- 19** The corporate plan sets the Council's aims and objectives for the Borough which is explicitly linked to the sustainable community strategy. The Local Strategic Partnership and the Council have an overall vision for Castle Point as 'a community where everyone can prosper, be safe and live in a high quality environment'. The corporate plan is underpinned with four priorities:
- Environment - Civic Pride;
 - Regeneration and Homes;
 - Improving the Council, and
 - Community Safety.
- 20** The Council is making good progress against these priorities.
- 21** Castle Point Borough Council has accelerated the significant improvement it achieved in the previous year. In 2007/08, 74 per cent of performance indicators improved, compared to an average of 59 per cent for all district councils. This makes the Council the 12th best improving out of 388 councils nationally. Some key front line services are delivering outcomes for the community at a level comparable with the best 25 per cent of councils in the country. In 2007/08, 51 per cent of performance indicators were among the best nationally; compared to the average of 33 per cent for all districts.

How is Castle Point Borough Council performing?

- 22** The Council is delivering high quality services to vulnerable people, including those affected by the economic downturn. The benefits service has maintained its high performance. Despite the increase in number, new benefit claims are promptly processed, with the speed of processing improving from an average of 23.7 days in 2006/07 to less than 20 days in 2007/08. Accuracy is high and the benefits service is one of the best nationally. Successful promotion of Warmfront grants has resulted in 987 residents having government funded improvement works at a cost of over £1.2 million. In partnership, the Council organised an open day for citizens and businesses to get advice on benefits, mortgages and other financial assistance from a variety of agencies including the Citizens' Advice Bureau and the Pensions Service. To support the local economy, the Council has reduced its target for paying invoices from 30 to 20 days and 89 per cent are paid in this time. This contributed to an award from the Federation of Small Businesses for the Council's proactive approach to supporting businesses. The Council has been flexible in its delivery of quality services tailored to changing circumstances.
- 23** Environment services are good. Graffiti removal, which is undertaken by a dedicated team, placed the Council in the best 25 per cent of councils nationally in 2007/08. An effective partnership with contractors is delivering a high performing street cleaning service that is among the best nationally. The Council, with its contractors, is responding positively to public concerns and is improving the treatment of weed growth on the roads and pavements. These high performing and responsive services are supporting the environment priority.
- 24** The Council is increasing the amount of recycling of domestic waste. The refuse and recycling service is provided at a low, and reducing, cost and achieving increased levels of recycling. However, although 27 per cent of domestic waste was recycled in 2007/08, this was low compared to the levels being achieved nationally by district councils. Kerbside collection of an increased range of materials was successfully rolled out to the whole district in October 2008. This has put the Council on track to recycle 34 per cent of domestic waste in 2008/09. Council projections, based on current performance, are that recycling rates will increase significantly to over 40 per cent in 2009/10. The Council's actions place it well to achieve higher levels of recycling.
- 25** The Council and its partners have been generally successful in reducing crime and antisocial behaviour. Some key crime indicators including robberies are falling although the number of burglaries is high and increasing. Targeted initiatives to tackle burglary and anti social behaviour include increased CCTV coverage of hotspots. Three of the Council's car parks have been awarded the Park Mark Award for safety. This has contributed to a fall in vehicle crime, with only four instances reported in these car parks in the last year. Overall the percentage of residents that report feeling safe both during the day and at night is increasing. Local people are enjoying safer communities.

- 26** The Council has built upon the success in providing leisure facilities. Although significant challenges concerning the ageing leisure facilities remain, the services provided are good and both leisure centres are now QUEST accredited. Usage continues to increase and the range of activities has expanded, including through the GP referral scheme for older people with cardiac problems. The playground renewal programme is gathering momentum with a further five new playgrounds scheduled by March 2009. This will result in 60 per cent of playgrounds achieving the highest quality standards. The low public satisfaction with parks and open spaces reported in 2006/07 has been reversed. A survey undertaken by the Council in 2008 found that satisfaction had risen from 60 per cent the previous year to 71 per cent. Such facilities contribute to the key objectives including the regeneration of playgrounds and development of open spaces supporting the environment priority. However the Council has yet to ensure that leisure services are adequate to meet the future needs of the community.
- 27** Solid progress is being made to regenerate the borough. A high performing planning service supports development. The speed of processing planning applications is amongst the best nationally. The Council continues to be highly successful in obtaining external funding to support regeneration including £2.3 million from the government and £800,000 from the European Social fund. However, the Council has experienced difficulty in establishing the Local Development Framework (the Core Strategy). A period of further consultation has been required (due to shortcomings in the process in the first round) which has resulted in the Core Strategy not expected to be agreed until June 2009. Overall the Council is delivering against its priority for regeneration.
- 28** Housing services are delivering mixed outcomes. Tenant satisfaction is high; the percentage of homes that do not meet the decent homes standard is low and energy efficiency of housing is high. The average re-let time has improved significantly and in 2007/08 was 24 days; a performance within the best 25 per cent of councils nationally. However the Council has a significant challenge ahead following the tenant vote against transfer of the housing stock. Securing a clear future for council housing through stock transfer was a key objective for 2007/08. To address the significant financial impact of the vote, the Council has successfully significantly restructured housing services to deliver revised service objectives and address areas of weakness such as tenant engagement. The Council did not achieve the delivery of its target for affordable homes. The housing maintenance stores have been closed and instead a local provider is used, resulting in improved value for money. The restructured housing service has achieved £150,000 savings to date. This therefore reduces the risk of the Council not being able to achieve the decent homes standard beyond 2010.
- 29** Access to services has improved. A 'First Contact' facility to manage calls made to the Council has been in place since October 2008. In the first three months over 23,000 calls were routed through the contact centre with more than 85 per cent of calls resolved at the first point of contact. The range of services managed through 'First Contact' is expanding. However robust performance data has yet to be collected to demonstrate the success of the contact centre. Improved access to services supports the delivery of services to users.

How is Castle Point Borough Council performing?

- 30** A comprehensive focus on equalities and diversity is embedded in the delivery of services. The Council continues to develop and improve its services to its diverse community and in the last year achieved level 4 of the Diversity Standard for local government. Only 7 per cent of councils nationally have achieved this level. The Council's website was ranked in November 2008 as the 50th most accessible website out of 460 with 80 per cent of the pages passing the AA rating, far exceeding the local government average of 25 per cent.
- 31** The Council's approach to securing value for money (VfM) is adequate. The Council has put in place a number of arrangements to embed the performance management culture and drive VfM principles. The arrangements for securing VfM have improved and the Council is performing well in this area. However, these have yet to deliver tangible outcomes in areas of higher cost when compared to nearest neighbours, but with detailed reviews of housing and leisure planned and the further embedding of the VfM strategy the Council is well placed to improve efficiency. The 7.5 per cent efficiency target has been exceeded and improved procurement practices are ensuring further savings for the Council.

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

- 32** Corporate plans are well integrated with wider county planning. The Council and its partners have adopted the County local area agreement (LAA) targets in a revised Community Strategy. A local chapter of the LAA targets was developed and subject to detailed challenge before being integrated into the corporate plan. The Council's corporate plan has been refreshed to include targets and objectives that reflect the LAA targets as well as its own four corporate priorities. This is monitored by the Executive Management Team and Cabinet every quarter. Corporate strategic aims have been further developed in the last year to refocus and re-invigorate the ambition for regeneration. This includes a five-year delivery programme to complete the regeneration of Canvey Town Centre. There is a clear statement of the strategic direction through the longer term 'Routemap to excellence' which sets out what the Council aims to achieve and this assists in the development of corporate priorities.
- 33** The Council is working closely with local strategic partnership (LSP) partners to implement an improved approach to identifying joint priority objectives and performance management arrangements. For example, the Healthy Communities and Older People sub-group of the Castle Point LSP and Rochford LSP have developed a joint action plan and common reporting mechanisms. Reporting of performance against targets is to be implemented with the Council's programme board receiving regular highlight reports against theme areas. Joint working supports the delivery of shared objectives.

How is Castle Point Borough Council performing?

- 34** The Council has successfully implemented a significant restructuring programme over the last year. Organisational structures are now more closely aligned to support the delivery of long term priorities and make financial savings. This includes a restructure of the senior management team reducing the number of directors and heads of service. Appropriate restructuring has also been delivered at a service level, including the housing and pending leisure restructure, which is aligning capacity to deliver the long term strategic plans. The Council has therefore driven through a significant change programme which is enabling services to be focused on the delivery of corporate priorities.
- 35** Leadership is a strength. A change in political structure to a leader and cabinet model of governance has been in place since January 2008. Weekly meetings of the cabinet are providing clear political leadership and direction. Staff at all levels recognise the effective and strong leadership. Its success is evidenced by the Council leading the approach on concessionary fares across Essex. The Council faced a significant increase in costs of £480,000 as eligible travellers took advantage of the free travel arrangements. In negotiating a county wide fixed price arrangement on behalf of all districts in Essex with bus operators and leading on the transfer of concessionary travel to Essex County Council from April 2009, overall costs have been reduced and risk to the borough councils across Essex removed. Although the overview and scrutiny function has been supported with training for elected members it has yet to demonstrate full impact through improved outcomes for local people. The strong and effective leadership increases the prospects of future improvement.
- 36** Robust performance management arrangements support the delivery of corporate priorities. This is providing greater clarity and links between service priorities, corporate priorities and LAA targets. In addition annual corporate objectives are developed from the corporate plan priorities. There is a robust challenge process in place to ensure the Council produces a set of outcome priority objectives and associated targets that consider corporate projects and important service initiatives. Target setting has improved and targets are subject to internal challenge to ensure that they are appropriate. Progress against service plans is monitored by exception by the programme board which includes the Leader. Improved use of IT is enabling more effective reporting of performance, supporting the delivery of services. The policy development groups are positively contributing to the way services are provided. As a result of one groups' recommendations a consultation officer is being recruited to build links between the council and the community.
- 37** Capacity is enhanced both through staff management and partnership working. A comprehensive approach to sickness management has resulted in a significant fall in absence from 10.43 days per employee in 2006/07 to 7.46 days in the last year. This matches the best performing councils nationally. Recruitment and retention is supported through market supplements and incentives to encourage key staff to stay. The Council works well with partners in the delivery of shared services. Internal Audit functions and land charge capacity is shared with Southend Council. Such arrangements increase the prospect of delivering improved services efficiently.

How is Castle Point Borough Council performing?

Service inspections

38 There were no service inspections during 2007/08.

The audit of the accounts and value for money

39 Your appointed auditor has reported separately to the Audit Committee on the issues arising from their 2007/08 audit and has issued:

- an audit report, providing an unqualified opinion on your accounts and a conclusion on your vfm arrangements on 11 September 2008 to say that these arrangements are adequate as at 31 March 2008;
- a cross-cutting report on Health Inequalities in March 2008, covering Essex 'Public Services' (all local government bodies, PCTs and Essex County Fire and Rescue), resulting from a piece of work carried out in close partnership with the Audit Commission. The high-level findings from this review were reported in last year's Annual Audit and Inspection Letter, published in March 2008; and
- a report on the Best Value Performance Plan in December 2007 confirming that the Plan has been audited.

Use of Resources

40 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).

The audit of the accounts and value for money

- 41 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

Element	Assessment
Financial reporting	4 out of 4
Financial management	3 out of 4
Financial standing	3 out of 4
Internal control	3 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

The key issues arising from the audit

- 42 The Council again has achieved a Level 4 for Financial Reporting by continuing to be notably proactive in the accounts preparation and audit process, with early upfront discussions about SORP changes, and the production of high quality working papers (including a hyperlinked balance sheet that could be accessed remotely) and Statement of Accounts.
- 43 There has been an increase in the Financial Management theme score in the current years assessment due to embedding arrangements surrounding monitoring and reporting partnership financial performance.
- 44 The Council's overall data quality arrangements were found to be adequate.

Health Inequalities

- 45 Following the issue of our joint Audit Commission and PKF report in March 2008, the Essex Chief Executives Forum collated an Essex-wide response to the Action Plan included in that report. We have undertaken a short review of local action-planning at Local Strategic Partnership (LSP) level, taking the Essex-wide Plan as a starting point and obtaining an understanding of how certain aspects, for example performance management, cascade from Local Area Agreement level through LSP working of the Borough Council with South East Essex PCT and other partners, to the individual contribution to targets of Castle Point Borough Council.
- 46 Our review considered a number of structural and other arrangements changes already achieved and also other development plans being progressed. We have concluded that the Council and the LSP are making good progress in this area, and already have some excellent examples of innovative best practice in place (for example, in the appointment of the Castle Point Association of Voluntary Services as the Lead Body for children's centres in the Borough). We intend to revisit Health Inequalities by way of a more in-depth follow-up review in 2009/10.

Advice and Assistance work

47 There was no advice and assistance work undertaken during 2007/08.

Looking ahead

- 48** The public service inspectorates have developed 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.
- 49** CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate area assessment and reporting performance on the new national indicator set, together with an organisational assessment which will combine the external auditor's assessment of value for money in the use of resources with a joint inspectorate assessment of service performance.
- 50** 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 National Indicator Set and key aspects of each area's Local Area Agreement.

Closing remarks

- 51** This letter has been discussed and agreed with the Chief Executive. A copy of the letter will be presented at the next appropriate audit committee. Copies need to be provided to all Council members by 31 March 2009.
- 52** 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.

Table 2 Reports issued

Report	Date of issue
Audit and inspection plan	March 2007
Annual Governance Report	August 2008
Opinion on financial statements	September 2008
Value for money conclusion	September 2008
Annual audit and inspection letter	March 2009

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- 53** 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

- 54** This letter will be published on the Audit Commission's website at www.audit-commission.gov.uk, and also on the Council's website.

Ian Davidson
Comprehensive Area Assessment Lead

31 March 2009

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

Copies of this report

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