

Annual Audit and Inspection Letter

March 2007



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South Northamptonshire 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:

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- 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 as follows.
 - The Council continues to improve in many of its priority areas. Waste recycling, benefits services and customer focus have all improved. Sickness absence is reduced. Local people continue to be satisfied with the Council and most of its services. But the performance of the planning service weakened in 2005/06 according to performance indicators measuring the time taken to process applications, and the performance of housing services is mixed.
 - The Council has assessed itself at level 0 against the Equality Standard and there is little evidence that the Council has considered the full range of needs of all its local communities or previously excluded people.
 - Improvements have been evident across almost all areas of the Use of Resources assessment resulting in an increase in the overall score from 2 to 3. Value for money is adequate overall.
 - Improvement planning continues to get stronger and the Council is making progress with implementing its plans.
 - The tighter deadlines set in 2005/06 for the closedown of the accounts and the issue of the audit opinion were both met, as was the new target for the Whole of Government Accounts (WGA) return. We issued an unqualified opinion on the 2005/06 accounts and an unqualified VFM conclusion.

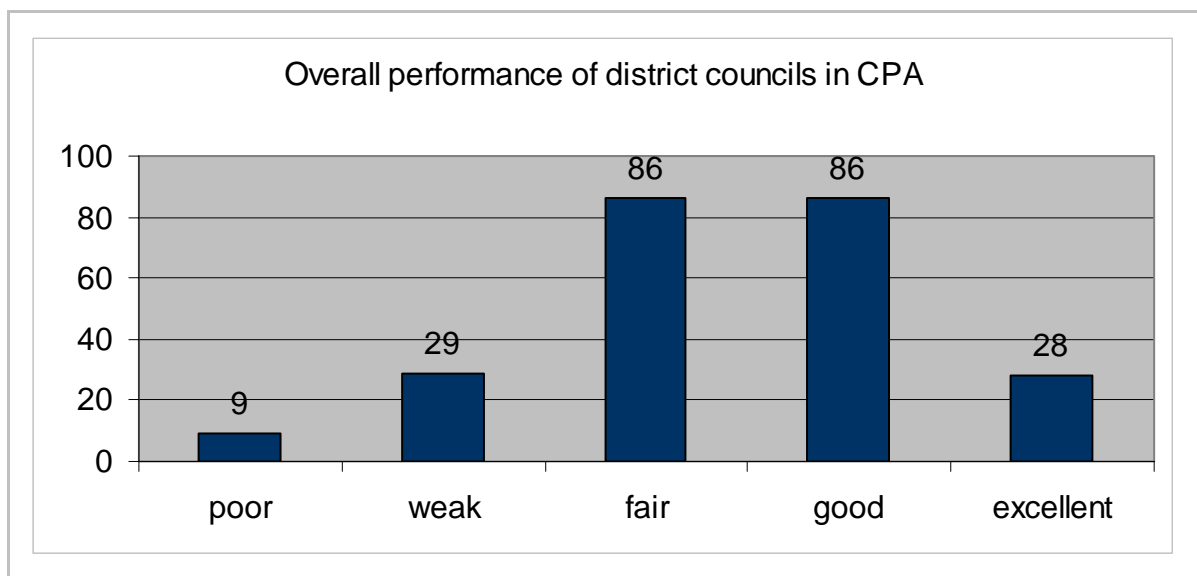
Action needed by the Council

- 4 There are a number of key areas that members should focus their attention on to further improve performance.
 - Continuing to target priority areas, particularly those where there is no clear improvement trend such as planning.
 - Continuing to make progress in improving access and in particular ensuring that the Council is meeting the needs of all local communities and its statutory responsibilities towards its minority communities.
 - Review the corporate procurement strategy to ensure maximum benefits from the joint procurement plans and further development of e-procurement.

How is South Northamptonshire Council performing?

- 5 South Northamptonshire Council was assessed as **Fair** in the Comprehensive Performance Assessment carried out in 2004. These assessments have been completed in all district 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 councils.

Figure 1 Overall performance of district councils in CPA



Source: Audit Commission

The improvement since last year - our Direction of Travel report

Improving outcomes

- 6 The Council continues to improve in many of its priority areas. Based on a basket of indicators selected by the Audit Commission, the rate of improvement overall is around the average for all districts. The proportion of these PIs in the best quartile is above average when compared with other districts.
- 7 Local people continue to be satisfied with the Council and most of its services. Satisfaction with the Council overall is at about the same level in 2006/07 as in 2003/04.

- 8 Some progress has been made around sustainable communities where the Council has a specific priority to increase recycling and reduce waste. Recycling as a percentage of household waste continues to increase and DEFRA targets have been met. There has been a decrease in waste sent to landfill in 2005/06. In 2005/06 the percentage of the population served by kerbside recycling was in the worst quartile but doorstep recycling was extended to cover the whole district in autumn 2006. The cost of waste collection per household remains high but data in 2006/07 shows that satisfaction has improved.
- 9 Planning performance weakened in 2005/06. South Northamptonshire is in an area targeted by government for significant housing and population growth, and the Council is working with West Northamptonshire Development Corporation in delivering the growth. The Council is no longer a Planning Standards Authority and during 2004/05 was amongst the best 25 per cent. However performance slipped in 2005/06 with the percentage of applications dealt with in 13 weeks in the second quartile, minor applications within 8 weeks in the worst quartile and others determined within 8 weeks in the 3rd quartile.
- 10 The benefit service has improved significantly. New claims in 2005/06 were being processed in 35 days compared with 105 days in 2004/05 and claims for dealing with a change in circumstance were 12 days compared with 27 days. The Council's own part-year data for 2006/07 shows continuing improvement and the Council is currently the best in the county in the speed of dealing with new claims and changes of circumstances.
- 11 The Council has had some success in tackling sickness absence which at 9.06 days in 2005/06 is just better than the average, but significant challenges remain. While improvements have been made the figures fluctuate, and part-year unaudited data for 2006/07 shows a small increase in sickness absence rates. Efforts to reduce short term sickness have been successful and there is now a focus on dealing with long-term absences.
- 12 The Council's customer focus is beginning to improve. Its Access Strategy sets out its aim to widen and increase access, improve customer service and provide better value for money. The Customer Contact Centre is key to the delivery of this strategy. There have been some initial efficiency savings and improvements for customers. For example, environmental services enquiries are now dealt with at one point of contact.
- 13 Access to services is improving slowly. The Council has continued to operate a concessionary travel scheme. The number of people and particularly elderly people using the scheme has increased which is helping to improve the accessibility of those in rural areas who depend on public transport. However the Council has assessed itself at level 0 against the Equality Standard and there is little evidence that the Council has considered the full range of needs of all its local communities or previously excluded people. The Council has undertaken a review of equality across all services resulting in improved policies however this has yet to impact on the decision making processes and outcomes for local people.

- 14 The Council continues to work in partnership to help improve the outcomes for the wider community. The Local Area Agreement (LAA) is providing a focus for delivering key priority outcomes including those of the community safety and waste partnerships. The Council has been instrumental in ensuring that rural issues are included in the LAA. They are now investing in the Rural Renewal partnership which will co-ordinate the information, engagement and communication around rural issues in Northamptonshire. The LSP partnership board has been realigned to ensure LAA outcomes are being delivered. The Council is engaged with the CDRP and levels of crime are reducing although levels of crime across Northamptonshire remain comparatively high.
- 15 Performance in housing according to PIs is mixed. The Council's priority is to deliver the decent homes standard for its tenants by the transfer of its housing stock. It has developed a partnership with a Housing Association and is at a key stage in the potential transfer of Housing stock with a decision following a ballot of tenants imminent. The length of time to re-let properties is good and tenant satisfaction is high. Homelessness data is mixed and while the Council's own data shows that the balance of planned to responsive repairs has improved in 2005/06 the average time to complete non urgent repairs and the percentage of urgent repairs completed on time are third and fourth quartile respectively. The percentage of rent collected is above average.
- 16 Improving value for money is a priority for the Council and it remains adequate overall. The Council has low cost services and where spend is high they generally reflect Council policy. There is a focus on improving value for money and new systems such as Agresso have been introduced resulting in improvements.

Plans to sustain future improvement

- 17 The Council has continued to strengthen its improvement planning. It has robust plans for improvement which have been developed in consultation with local people and partners. The Local Area Agreement sets out clear priorities including targets and outcomes relating to rurality.
- 18 The Council is making good progress in implementing its plans and continues to embed performance management. The corporate improvement plan is incorporated within the performance plan and prioritised improvements are reported quarterly to Cabinet. The Cabinet and Review and Development Committees also receive and actively consider performance information. Explanations are provided where performance is below target and Cabinet considers follow up action where required. The Council is implementing the Performance Plus system to integrate planning and performance management and to make better, more timely, information easily available for staff and councillors. This is an example of an early achievement of the Local Area Agreement, which is being piloted locally at South Northamptonshire Council.

- 19** The Council has the capacity to deliver its plans. Their priorities are resourced and there are sound business and budget planning processes in place to monitor progress. Staff turnover remains a challenge and the Council have put succession planning in place for key posts and reserves are available through the medium term financial plan for emergency situations.

Service inspections

- 20** The Audit Commission did not undertake any service inspections in the last year.

Financial management and value for money

- 21 We are required by legislation and the statutory Code of Audit Practice for Local Government bodies (the Code) to review and report on:
- the annual financial statements; and
 - whether the council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Annual governance report

- 22 The Code requires us to issue a report summarising the conclusions from our audit work to those responsible for governance within the council. We reported our findings to the Audit Committee on 28 September 2006 including:
- an unqualified opinion on your accounts;
 - a conclusion to say that your arrangements for securing value for money are adequate; and
 - a report on the Best Value Performance Plan confirming that it has been audited and that there were no statutory recommendations in relation to the plan.

Use of resources

- 23 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).
- 24 For the purposes of the CPA we have assessed the Council's arrangements for use of resources in these five areas as follows.

Table 1

Element	Score 2006	Score 2005
Financial reporting	3	3
Financial management	3	2
Financial standing	3	2
Internal control	3	2
Value for money	2	2
Overall assessment of the Audit Commission	3	2

(Note: 1=lowest, 4=highest)

- 25** The key issues arising from the audit, as reflected in the above judgements, are as follows.
- Improvements have been evident across almost all areas of the assessment resulting in an increase in the overall score.
 - Financial reporting continues to be sound. The annual accounts are produced within statutory deadlines and contain relatively few errors. Openness and accountability are areas where the Council has strengthened its arrangements since last year by publishing an annual report and summary accounts.
 - The Council has effective arrangements to ensure that its medium-term financial strategy, budgets and capital programme are soundly based and are designed to deliver its strategic priorities.
 - Budget monitoring arrangements are robust and overall revenue spending has remained within budget.
 - Systems of internal control are generally sound and the Council actively promotes probity and propriety in the conduct of its business.
 - The Council's overall spend on services is amongst the lowest for district councils in England but performance in key services is mixed and service costs generally reflect service outcomes.
- 26** A separate report has been issued setting out our detailed findings and areas for improvement.

Data Quality

- 27** The audit of Data Quality replaces the previous audit methodology for auditing Best Value and other performance information and places more emphasis on the management arrangements for producing performance data, backed up with more detailed spot-checks on a smaller number of individual indicators.

- 28 The Council's management arrangements for data quality were assessed as adequate. A data quality strategy is in place and progress is being made to develop a performance culture within the council, although this is not yet fully embedded. Our spot checks on three specified PIs resulted in amendments to all three, albeit by relatively small amounts.
- 29 Our detailed report has been discussed and agreed with officer, including an action plan for strengthening existing arrangements. Our report was considered by the Audit Committee on 27 February 2007.

Grant claims and returns

- 30 All claims and returns were submitted and audited within specified deadlines.
- 31 There were notable improvements in the arrangements for completion of the housing and council tax benefit claim, which, together with joint working with internal audit, significantly improved the efficiency of our certification work.
- 32 A report summarising the findings of all our certification work has been issued to officers.

Conclusion

- 33 This letter has been discussed and agreed with the Chief Executive. A copy of the letter will be presented at the audit committee on 4 April 2007.
- 34 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

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

Mary Perry
Relationship Manager