

DC Annual Audit and Inspection Letter

March 2007



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Rochford District 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:
- 4 Rochford District Council is putting in place the necessary building blocks to improve services. Performance is mixed but there is improvement in some key services. Some key front line services are improving, such as the benefit service which is now more accessible and claims are processed more quickly and accurately. An effective partnership to deliver leisure services is already resulting in improvements to local people with usage of facilities increasing well. The impact of investment in other key services such as development control and environmental services has yet to be fully realised.
- 5 The Council does not have a clear vision for the district or how it links to wider agendas such as the Thames Gateway Project. Divisional plans are being developed for the first time and performance management arrangements, although improving, have yet to be embedded. Capacity is improving. Internally a focus on human resource management and the implementation of a restructure is improving focus and efficiency. In addition the benefits of partnership working are also improving capacity although some aspects of delivery by partners need to be more robustly managed. The Council faces some significant issues not least those arising from the vote by tenants in support of a transfer of the housing stock to a housing association partner, and the delivery of efficiency savings.

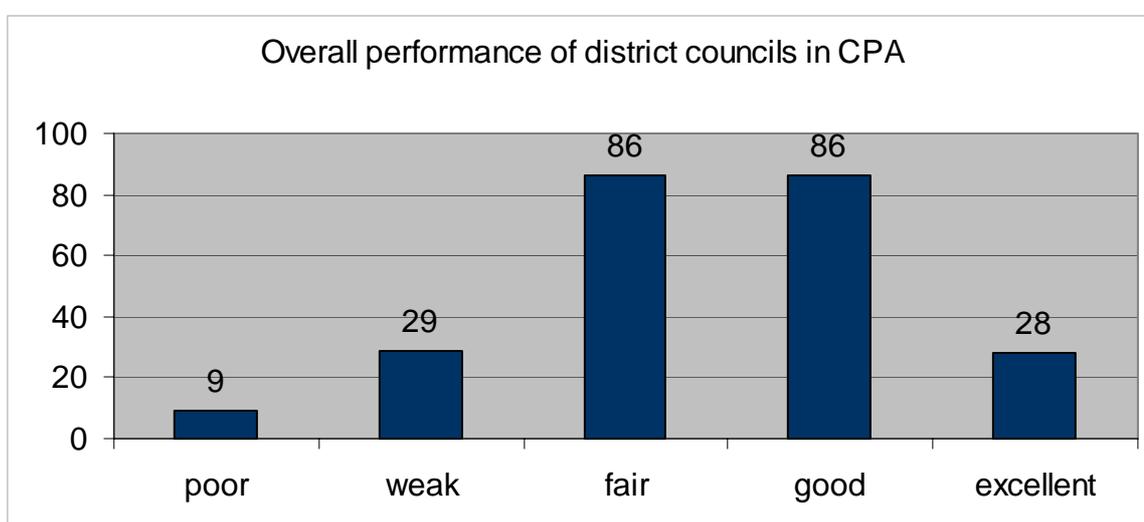
Action needed by the Council

- The Council needs to develop a clear vision for the district, which is underpinned by measurable priorities.
- The Council needs to develop a stronger focus on performance management to sustain service improvement.
- The Council needs to develop its arrangements for value for money including cost to performance analysis and effectively benchmarking.
- The Council needs to develop its approach to diversity, consultation and engagement with some marginalised and vulnerable groups.

How is Rochford District Council performing?

- 6 Rochford District Council was assessed as Weak 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

- 7 In 2005 a progress assessment was undertaken which identified progress in a number of areas which has been sustained and progress continues.

The improvement since last year - our Direction of Travel report

What evidence is there of the Council improving outcomes?

- 8 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 in all district councils in England. 38 per cent of indicators were in the best performing quartile in 2005/06 which is 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 targets.
- 9 The benefits service is improving. The speed and accuracy of processing claims is improving. Access for benefit claimants has been easier since a partnership with an external provider for telephone enquiries commenced. The service can be contacted by phone from 8am to 8pm weekdays and on Saturday mornings. Appointments can be made to go through claims at the Council. Older people and vulnerable people can be visited in their own homes. Older people are being actively engaged in the design of forms to make these more user-friendly. Better accessibility has increased the number of people claiming benefits, particularly older people and the service supports vulnerable people.
- 10 Leisure facilities are improving. The Council has entered into a partnership with a private sector partner to maintain and run the leisure facilities in the district. This has resulted in increased investment in leisure facilities, such as at the Rayleigh Leisure Centre which opened in May 2006 on budget and ahead of schedule. Since opening monthly usage has increased significantly with over 12,500 visits in October 2006. In addition the number of members paying by direct debit reached 753 in November. This was well ahead of the target of 645 to be achieved by March 2007. The success of the new facility has not adversely impacted on the usage of other facilities, including Clements Hall and Great Wakering, which both record continued growth in usage. Improving leisure facilities and increasing participation supports the corporate aim to improve the quality of life for people in the district.
- 11 Environment Services are improving but not all targets are being achieved. The range of services has increased and kerb side recycling services are more widespread across the district. Recycling collections are being rolled out to those living in flats and in caravan parks. Greater effort is being made to increase recycling in schools. New services, together with increased participation in existing kerb side collection schemes, have resulted in consistent increases in the percentage of household waste recycled. However, in 2005/06 the overall recycling rate was 14.5 per cent. This represented a performance in the worst 25 per cent of councils nationally and the lowest recycling rate in the county. Although the rate is increasing the Council is unlikely to meet its own 19.3 per cent recycling target in 2006/07.

- 12 Although the development control service performed poorly in 2005/06 there are more recent signs of improvement. In 2005/06 only 47.22 per cent of major planning applications were determined in 13 weeks, representing a performance in the worst 25 per cent of councils nationally. Approximately 69 per cent of minor applications were determined in 8 weeks. This is below average when compared with other district councils but represents an improvement on the 59 per cent achieved by the Council in 2004/05. Unaudited data shows more recent improvement with targets across the range of development control indicators being exceeded including 88.5 per cent of minor applications being determined in 8 weeks against a target of 74 per cent. The Council recognises the weaknesses in development control and is putting in place procedures to improve the decision making process. From September 2006 members of the public were able to speak at committee. This has improved the transparency of the decision making process. Clearer information on planning enforcement is now provided including articles in the Council newspaper. The improvements in development control are helping the service to contribute better to the delivery of the corporate aim to create a thriving economy.
- 13 Over the last year considerable effort has ensured support from tenants for the large scale voluntary transfer (LSVT) of council housing to a housing association partner. There was a 78 per cent turnout, achieved through effective engagement with almost 90 per cent of all households (1,750 properties) involved. Approximately 83 per cent voted in favour of LSVT. Additional investment that should be secured through LSVT will improve living conditions for tenants. The Council is therefore well placed to deliver a number of its corporate aims particularly to improve the quality of life.
- 14 Overall accessibility to services is improving. The majority of Council services can be contacted through a single direct telephone number, at two reception areas and via the website. Resources have been invested to significantly improve physical access to its two main reception areas. The quality of information promoting Council services is good and many services can be accessed electronically. However, consultation and engagement with some marginalised and vulnerable groups is limited. This restricts the Council's understanding of their access needs and preferences. Service users do not consistently have the opportunity to give their views about service standards and local performance targets to ensure their needs are met. Although improving, accessibility arrangements are not fully supporting the delivery of quality services.
- 15 The Council does not have a clear approach to securing value for money in services. The Council identifies this as a weakness and is putting in place targets for services to achieve the necessary efficiency savings. Although there is a target for efficiency savings of £150,000 across the Council these have not been identified at a service level.

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

- 16 The Council does not have a clear integrated vision for the future of Rochford. The current vision to 'make Rochford the place of choice in the County to live, work and visit' is supported by six aims;
- provide quality, cost effective services;
 - work towards a safer and more caring community;
 - provide a green and stable environment;
 - encourage a thriving local economy;
 - improve the quality of life for people in the district; and
 - maintain and enhance the local heritage.
- 17 This, however, does not clearly articulate the long term vision and ambitions for the area. It also does not clearly reflect the aims of the Thames Gateway partnership which is looking at regeneration across southern Essex as a whole. There is also a lack of understanding amongst staff and some councillors on the aims of Thames Gateway initiatives and how they integrate with corporate aims. Robust plans supporting the delivery of the corporate aims are not in place across the Council. Therefore, there is not a clear approach to ensuring services are delivered to support the aims of the Council and its partners.
- 18 Performance management is developing but is not embedded. Divisional plans are in draft form for 2007/08. Links between service delivery and the delivery of corporate aims are being strengthened. Councillors now receive a budget report, quarterly performance reporting and twice annual reporting on all performance indicators. Performance management and reporting arrangements are being put in place however issues such as challenging the targets detailed in divisional plans are only beginning to be developed. The Council is developing systems to support the delivery of corporate priorities.
- 19 Capacity is improving both internally and through increased working with partners. A number of new posts have been introduced. These include appointment of a community planning officer with the role of building capacity between the council, community and voluntary groups. An audit of community groups is to be undertaken supported by £20,000 of external funding. The Council is clear that its small size necessitates working closely with external partners, including neighbouring councils and the voluntary sector. However, there is a lack of clear service level agreements in place for organisations that receive grant aid from the council, for example the £80,000 grant to the Citizens Advice Bureau is not linked to deliverable targets for the benefit of the community. This means that for some grants it is not possible to demonstrate that clear outcomes are delivered in a managed way.

- 20 A focused approach to human resource management is delivering clear outcomes. The introduction of a clear policy on managing staff sickness is reducing overall sickness levels. In 2004/05 each member of staff had, on average, 9.5 days a year off due to sickness. Through targeting long term sickness and rewarding staff for low absence this dropped to just over 8 days per employee in 2005/06. This represents a performance in the best 25 per cent of district councils nationally. A workforce development plan is in place and training opportunities are available to councillors and staff. The appraisal process makes it clear to staff what their role is in delivering service aims. These measures support the efficient delivery of services
- 21 The Council is preparing well for LSVT. Following the vote by tenants for transferring the housing stock to a partner the Council is starting to make the necessary structural changes. The housing function is splitting away from other functions in advance of the transfer.
- 22 Communications both internally and externally are improving. A communications strategy is in place and increased capacity has been secured to improve the website. A revamped corporate website is to be launched in early 2007.
- 23 There are no significant governance issues which would prevent improvement. Overview and scrutiny is beginning to have a positive impact. Additional officer support has been made available, which has assisted in a more focused approach to reviews. Scrutiny has reviewed both specific and cross cutting aspects of services. For example the review of antisocial behaviour changed the approach to community safety and resulted in the repositioning of CCTV cameras in Rochford. Scrutiny is now reviewing the Council's committee structures with active consideration being given to implementing an executive structure.

Service inspections

Waste management and open spaces – fair service with promising prospects for improvement.

At the time of the inspection the inspectors found:

- 24 The Council has clear priorities for environment services. They contribute directly to the corporate aim to provide a 'green and sustainable environment'. Streets and open spaces are generally well-maintained and kept free from litter, graffiti, fly-tipping and abandoned vehicles. Woodland and green spaces are managed in such a way as to encourage biodiversity. The cost of services is low when compared to other councils. Residents are generally satisfied with the cleanliness of the district and with refuse and recycling services. The quality of refuse and recycling collections has seen recent improvements through close working with the contractor. However, the Council was not successful at implementing a fortnightly collection of domestic waste. Following significant public pressure, a trial which had lasted over two years, came to an end and weekly collections were resumed.

- 25 The rate of recycling is poor. In 2004/05, only 12 per cent of household waste was recycled. This placed Rochford in the worst performing 25 per cent of English district councils. The Government's statutory recycling standard for the Council to recycle 18 per cent of household waste in 2005/06 will not be achieved. Although the Council is to increase the coverage of the kerbside recycling service to approximately 95 per cent of the district in spring 2006, it has been slow to roll-out this service.
- 26 The service has promising prospects for improvement. Capacity has improved and a clear plan has recently been approved detailing improvements to the range and coverage of recycling services. Key actions are costed and funding is in place. The plan details how the rate of recycling will increase to 21.4 per cent by 2007/08. The kerbside recycling is being expanded which will result in an improvement in accessibility and hence recycling rates. The collection of new materials, including cardboard, should further improve services. However, an effective corporate performance management system is not yet in place. Without a clear performance management system the robust monitoring of the recently agreed waste management and recycling plan cannot be assured.
- 27 The services inspected included refuse collection, recycling, street cleaning, grounds maintenance and the management of open spaces. In 2004/05, the total net expenditure of waste collection and recycling was £1,163,822; management of recreation grounds and open spaces £848,960; and street cleaning £477,915.

Access to services - fair service with uncertain prospects for improvement.

At the time of the inspection the inspectors found:

- 28 Rochford District Council's approach to accessing its services is 'fair' because access arrangements are improving and the majority of Council services can be accessed through a single direct telephone number, at two reception areas and via the website. The Council has invested resources to significantly improve physical access to its two main reception areas. The quality of information promoting Council services is good and many services can be accessed electronically. However, consultation and engagement with some marginalised and traditionally hard to reach groups is limited thereby restricting the Council's understanding of their access needs and preferences. Service standards and local performance targets are not consistently informed by users to ensure their needs are met and handling of complaints is poor. There is some poor quality of service when enquiries are passed from the first point of contact to individual departments.

- 29** Prospects for improvement are uncertain. Corporately, the Council has improved poorly performing services and made progress against key priorities including improving accessibility. An access to services working group has been formed to develop accessibility. However, key areas remain to be addressed. Access to services is not clearly understood or supported by a clear vision and leadership. Whilst there is commitment to improve further, capacity is already stretched and no analysis has been undertaken of the skills and resources available and required to deliver accessibility improvements.
- 30** In order to assist the Council to improve accessibility the Audit Commission has made four recommendations. These are to:
- develop and implement a customer access strategy supported by robust action plan to ensure delivery;
 - extend the Council's knowledge and understanding of community access need;
 - establish a systematic approach to managing and improving value for money to ensure services are effective, efficient and economic; and
 - increase the Council's knowledge and understanding of accessibility.
- 31** Access to services (the service) is a cross-cutting theme applicable to all councils and council services. It covers four broad areas: ease of access to services; using e-government to support access to services; reaching all parts of the community; and partnership working. For customers, this means that they should be able to contact councils in a range of accessible and DDA compliant physical localities. They should also be able to contact councils through a range of other remote methods. This includes a website which is fully accessible and easy to navigate with appropriate arrangements for electronic transactions, electronic communication and consultation.
- 32** Accessibility means that Council services, and access to those services, should be focused on the needs of the whole community. They should ensure equality of access and take proper account of equality and the diversity of all service users.

Financial management and value for money

- 33** Your Appointed Auditor has reported separately to the Audit 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 the following criteria:
 - the body has put in place arrangements to maintain a sound system of internal control
 - the body has put in place arrangements to manage its significant business risks
 - the body put in place arrangements to manage performance against budgets;
 - put in place arrangements to manage and improve value for money
 - a report on the Best Value Performance Plan confirming that the Plan has been audited.
- 34** 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).

- 35** 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	3 out of 4
Financial management	2 out of 4
Financial standing	2 out of 4
Internal control	2 out of 4
Value for money	2 out of 4
Overall assessment of the Audit Commission	2 out of 4

(Note: 1=lowest, 4=highest)

- 36** While the overall assessment of the Audit Commission is consistent with the prior year there has been improvement in 6 of the 11 key lines of enquiry that underpin the assessment. This has resulted in an increase in the individual scores for both financial reporting and internal control which in the previous assessment were assessed as 2 and 1 respectively.
- 37** 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 adequately for achieving value for money and has begun to compare costs and quality of services, and benchmark. To progress further, the value for money culture needs to be embedded throughout the Council.
 - There has been an improvement in the financial information provided to Members, such as quarterly budget monitoring and an explanatory and interpretation paper highlighting key issues for Members to note in the draft accounts.
 - There have been improvements made in the linkage between corporate objectives and financial planning, which needs to be embedded into the performance management culture of the organisation.

Conclusion

- 38 This letter has been discussed and agreed with Paul Warren. A copy of the letter will be presented at an appropriate meeting in 2007.
- 39 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

- 40 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
Relationship Manager