

Annual Audit and Inspection Letter

Sedgefield Borough Council

Audit 2007/08

March 2009



Contents

Key messages	3
Purpose, responsibilities and scope	5
How is Sedgefield Borough Council performing?	6
The audit of the accounts and value for money	13
Looking ahead	18
Closing remarks	19

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 non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
-

Key messages

- 1 This is our last Annual Audit and Inspection Letter before Sedgefield Borough Council ceases to exist on 31 March 2009. In this letter we comment upon the arrangements that are being put in place to manage the transfer of responsibilities to the new unitary council. We also draw attention to the specific key issues specific to the Council that should be considered by the new unitary council.
- 2 The Council's capacity to deliver its strategic priorities and maintain business as usual has been, and will continue to be, significantly weakened by the impact of impending local government reorganisation (LGR). In common with other LGR bodies nationally, increasing staff vacancies and secondments, coupled with limited opportunities for replacement mean that key skills and capacity shortfalls are developing within the Council. Two areas in particular will prove challenging for the council in its remaining few weeks specifically:
 - completing a large scale voluntary transfer (LSVT) of the Council's housing stock before vesting date; and
 - liaising with the new unitary council to ensure that arrangements are in place to enable the accurate and timely production of the Council's 2008/09 accounts.

Prospects for successful delivery of these important projects areas have been impacted by the recent loss of senior managers and finance staff in the last few months, primarily to Sedgefield Borough Homes.
- 3 In September 2008 we gave an unqualified opinion on the Council's accounts for 2007/08 and gave an unqualified conclusion on its arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 4 For the purposes of the final Comprehensive Performance Assessment we assessed the Council's use of resources arrangements as performing well - scoring 3 out of 4 overall. Given that this year's assessment represented a harder test incorporating some new requirements, and given the additional challenges posed by impending LGR, it is to the Council's credit that it has maintained its overall performance.
- 5 During the year we also carried out specific pieces of work on the Council's approach to access to services, health inequalities and absence management. We undertook these reviews on a county wide basis and our reports have identified a number of strengths and areas for improvement that could usefully be considered by the new unitary council.

Action needed by the Council

- 6 As the Council enters the final phase of its existence Members need to maintain an appropriate focus on delivering services - particularly as key staff take up posts in the new Council or elsewhere. The Council will wish to continue its focus upon securing deliver of its Transition Plan objectives (particularly the LSVT of its housing stock), meeting its statutory obligations and maintaining service performance. Approaches and tools to assist the Council in this process include:
- updating project and resource plans to take account of the loss of senior management and financial staff; and
 - continuous and timely prioritisation, switching resources from low risk and low importance tasks in order that core services and governance arrangements are maintained and key projects are delivered on time.
- 7 In addition the Council needs to liaise with the new unitary council, as well as other demising districts in the area, to ensure that a coordinated closure plan for the preparation of its 2008/09 accounts is produced, including details of responsibilities, resources and timing.
- 8 In terms of service performance there are a number of key issues arising from our work on access to services, health inequalities and managing sickness absence that will need to continue to be addressed by the new unitary council and we therefore suggest that our reports are made available to the new unitary council.

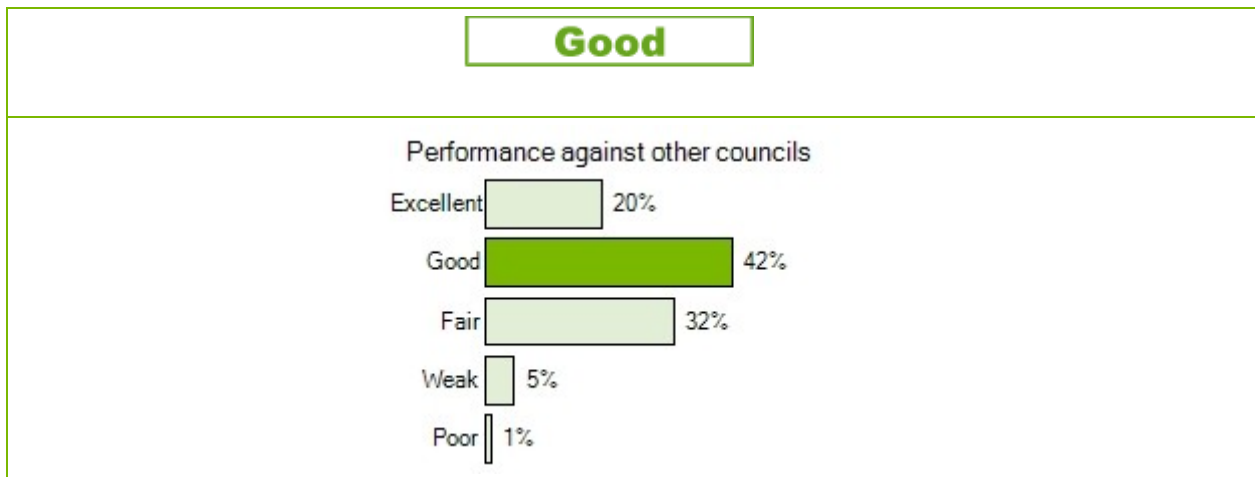
Purpose, responsibilities and scope

- 9 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.
- 10 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.
- 11 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.
- 12 As your appointed auditor I am 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, I review and report 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.
- 13 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.
- 14 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 Sedgfield Borough Council performing?

15 Sedgfield Borough Council was assessed as Good in the Comprehensive Performance Assessment carried out in 2004. These assessments have been completed in all district councils and we are now updating these assessments, through an updated corporate assessment, in councils where there is evidence of change. However the opportunity for the Council to apply for an updated corporate assessment was not available once the LGR process commenced. The following chart is the latest position across all district councils.

Figure 1 Overall performance of district councils in CPA



Source: Audit Commission

Direction of Travel report

- 16 The Audit Commission undertakes Direction of Travel (DoT) work at each local authority body in England and Wales every year. The main purpose of this work is to assess the progress each council has made over the last year.
- 17 Direction of travel reports provide not just a commentary on past performance but they are also used to identify issues or areas of concern for the individual authority in the future. In the case of the Durham authorities however the implementation of local government reorganisation (LGR) means that the existing authorities will cease after March 2009. The approach being taken for district councils in Durham is:
- to use the DoT assessment to identify any risks and issues to help inform the new Durham unitary council; and

How is Sedgfield Borough Council performing?

- to produce a separate DOT report for each council which they have agreed can be shared amongst those councils in Durham subject to reorganisation for the purposes of informing the issues relevant to reorganisation.

Summary

- 18 Sedgfield Borough Council (The Council) comes to the end of its final year with some very good achievements. The prospect of abolition through local government reorganisation (LGR) has not distracted the Council from maintaining, and in some cases further improving, already high quality services, focusing on its priorities, while supporting workstreams for the new Council. It has continued to maintain its good performance, with 38 per cent of performance indicators (PIs) in the best 25 per cent, compared to 33 per cent nationally.
- 19 While performance was good and overall satisfaction with the Council remains high, performance has not been improving as fast as other councils. This is in line with the Council's strategy, in preparation for the new unitary, to concentrate on maintaining current performance, supporting staff and the new council through workstream leads and ensuring major projects continue to progress, rather than service improvement.
- 20 Those areas which have improved are planning, housing and environmental health. Corporate health, local environment, sustainable communities and transport are the areas improving less quickly than other councils.
- 21 Good progress is being made in major projects including redeveloping Newton Aycliffe town centre and Spennymoor leisure centre and a training centre partnership with Bishop Auckland College is proceeding well. However the current economic climate is expected to have an adverse effect on the Council's ability to generate capital receipts and progress development schemes planned with private sector partners.
- 22 The Council is heavily dependent upon manufacturing for its employment base, and job opportunities in the area have suffered in line with the general and prolonged decline in this sector of the economy. The Council's approach of improving the employability of the labour force and other labour supply initiatives has seen a steady increase in the rate of employment, but unemployment remains high and has fallen behind other coalfield areas nationally.
- 23 More recently the Council, in partnership with One North East, is gap funding the Durhamgate initiative which will see £200m invested on the former Black & Decker factory site to potentially house an additional 2,500 jobs in the area. However a number of other development schemes have slowed due to the current economic climate which puts future progress at risk. This is an area which the new council will need to tackle.
- 24 Value for money is generally good. Service standards and satisfaction are generally high and the Council has achieved its Gershon efficiency targets. Some improvements have been made in processing planning applications, council tax collection and repairs and maintenance. However the Council's sickness absence rates are high and this area will need to be kept under review by the new unitary council to ensure costs are reduced and service standards maintained.

- 25 Until recently the Council has retained its management team despite the uncertainty of LGR and this has enabled it to support the new unitary council through staff involvement in key workstreams as well as maintaining systems and developing performance monitoring for new national performance indicators.

What evidence is there of the Council improving outcomes?

- 26 Given LGR, the Council examined its priorities and rationalised them. It identified its priorities in its transition plan under the themes of Healthy Borough, Attractive Borough, Prosperous Borough, Strong Communities and Corporate Values and the key activities and projects required to achieve them. These are all on track with the exception of the regeneration of Hawkshead Place where the Council is considering implementing a HomeBuy Scheme to ensure sustainability during the current economic climate. Key projects include the following.
- The Council has largely completed preparations and secured funding for the LSVT of its 8,500 housing properties to a purposely established registered social landlord (RSL) - Sedgefield Borough Homes. As a direct result of this transfer an additional £100m will be invested in tenants' homes over the next five years in order to improve the quality of the housing stock.
 - Newton Aycliffe Town Centre master plan is progressing well with agreement to move remaining PCT services and library services to alternative premises to allow demolition and redevelopment. Preparation for other improvement works is underway including plans for a discount food store and a former supermarket unit has been let.
 - The Spennymoor Leisure Centre's redevelopment as an Arts Resource Centre including a café and theatre and sports facilities to provide opportunities for community development and cohesion, learning and skills acquisition and access to arts and cultural programmes is proceeding well but has had to be scaled down as the library move couldn't be agreed in time.
 - Planning approval has been gained for the 'Durhamgate' project, a major mixed use redevelopment providing offices, homes, a hotel and services on the Black and Decker site.
 - The extension work to the one stop shop Pioneering Care Centre with £750,000 lottery funding and £200,000 from the Council is imminent and in line with government policy on transfer of community assets.
 - The training centre partnership is proceeding well. It will mean a further education college in Sedgefield for the first time and links with Sunderland University. The Council were one of only ten in the country to win first round Local Enterprise Growth Initiative funding.
 - The Coalfields Housing renewal programme of demolition and regeneration focussed on Dean Bank, Ferryhill Station and West Chilton is making progress in property acquisitions, demolition and repairs.

How is Sedgefield Borough Council performing?

- Local Improvement Programme (LIP) – the LIP scheme was devised to devolve resources to the community to facilitate community led regeneration. The Council has funded £3m over the last 3 years, leveraging in a further £3m from other sources. These monies have been devolved to the five area forums resulting in 50 projects to date with 15 completed. The largest award to date is in respect of Ferryhill Town Youth Football club for £320,000, which levered in a further £720,000.

27 The Council performs well overall and has 38 per cent of PIs in the best 25 per cent compared to 33 per cent for other councils. Performance is improving but not as quickly as other councils nationally. Improvement in performance over the last three years has slowed in comparison to other councils and the Council ranks relatively poorly with only 40 per cent of performance indicators (PIs) improving. Overall satisfaction with the Council is still in the best 25 per cent. Because it is performing well, it is less easy to achieve further improvement so this may explain why improvement has slowed. Corporate health, local environment, sustainable communities and transport are the areas improving less quickly than other councils. Performance has improved for environmental health and planning where overall performance is not as good as other councils, and housing where overall performance is better than other councils. PIs in the worst 25 per cent which are not improving are as follows.

- Sickness absence, which remains high at 12.24 days per employee. The Council has employed consultants to deal with this and slight improvements have been made in 2008/09 has shown a decrease from the 2007/08 outturn.
- The percentage of top five per cent of earners that are women, percentage of staff with disabilities or from black and minority ethnic communities all remain low. This is difficult for the council to tackle during LGR as it cannot employ new staff.
- The recycling and composting rate reduced due to problems with the anaerobic digester owned by Premier Waste. However a new recycling scheme for cardboard and plastics is in place and rates rose to 23.39 per cent for the first six months of 2008/09.

28 PIs in the worst 25 per cent which are improving are:

- time to respond to complaints to the ombudsman;
- percentage of council tax collected. Changes in staffing and technology have resulted in improved in-year collection rates;
- time to decide major planning applications where an improvement plan has resulted in better processing times; and
- time to complete non urgent repairs, where the partnership with Mears Group PLC has improved the service.

29 Our county wide access to service review highlighted a number of initiatives that Sedgefield Borough Council has in place to improve access and consider the needs of diverse communities.

How is Sedgefield Borough Council performing?

- The Sedgefield Information Service is a one-stop-shop where people can search or view map based data about a local area. This includes information on council tax rates, bin collection arrangements and planning applications.
 - The integrated housing teams where homelessness and social services work in a co-located office and are fully integrated.
 - Outreach leisure services have been set up in the east of the district where there are no council leisure centres.
- 30** Initiatives to reduce inequalities are having an impact. The Council, with its partners has achieved a significant outcome for its community in Trimdon which has moved out of the areas of severe deprivation this year, achieved through targeting resources on this area. The Council has also put £800,000 into neighbourhood enhancement programmes this year, topped up in areas of severe deprivation to further reduce inequalities
- 31** The Council has been working well with partners to improve community outcomes. In particular it has developed its training partnership to develop a further education college for the first time in Sedgefield, and has worked with the Primary Care Trust in delivering the Walking the Way to Health scheme and developing an alcohol harm reduction strategy.
- 32** Value for money (VfM) is generally good. Although the Council is relatively high spending compared to similar councils, this includes Neighbourhood Renewal Funding which is only given to England's most deprived local. High spend areas are in line with the Council's priorities. Service standards and satisfaction are generally good and in general quality is high. Areas which need improvement are tackled. For example changes to staffing levels and the introduction of new information technology systems meant there were small improvements in council tax collection rates, during 2007/08 which have increased in 2008/09. Planning turnaround times also improved in 2007/08. Recent changes made to the housing maintenance arrangements through the partnership with Mears Group PLC, a new capital and repairs and maintenance service have yet to achieve all the planned outcomes, but early indications are that the partnership is working well and tenant satisfaction has been maintained.
- 33** The council has exceeded its Gershon efficiency targets and has made savings across its functions, with cumulative savings of £1.62 million.
- 34** The Council has lost a high number of jobs since 1998 (15 per cent), but it has still managed to lower its worklessness slightly. Overall, the Council has the worst figures for job creation, low employment and high unemployment of the 59 authorities the Audit Commission looked at in analysing data for its national coalfields review. It has fallen behind the other 58 coalfield districts, reflecting the relatively high proportion of employment in the area within the manufacturing sector which has declined in recent years. This is an area that will need to be tackled.

How is Sedgefield Borough Council performing?

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

- 35 The Council's Transition Plan brings together the priorities from its corporate plan and the Sedgefield Local Strategic Partnership Plan. It rationalises the Council's priorities, sets out clearly the arrangements for the management of the authority up to the handover period and how the Council will participate in the development of the new authority. It set out the Council's key priorities for service improvement, investment and savings during the transition period and the key capital projects to be progressed.
- 36 The Council has prioritised to ensure it has capacity to deliver plans and supported staff through training . It has not lost many key staff although it has committed more than 30 officers to relevant workstreams to help shape the development of the new council and this has reduced its capacity to develop services but it has maintained service levels in line with its transition plan. Establishment controls have been relaxed to allow temporary staff to fill the gaps. However sickness absence remains a problem which could threaten the quality of services. Although rates have reduced slightly from a high of 14.51 days per employee in 2007/08, they are still high at 12.24 days (quarter two 2008/09).
- 37 The Council has curtailed its Making Change Happen programme to allow it to focus on supporting the new unitary council while maintaining services, but VFM was reviewed throughout 2007/08. For example for council tax and benefits services were reviewed and improved in line with recommendations. The scrutiny function continues to function and transition plan updates are standing items on Management Team and Cabinet agendas.
- 38 Improvement plans are mainly limited to major schemes rather than service improvement, due to officers concentrating on maintaining service levels and preparation for the new Council. Good progress is being made in all of the capital schemes included in the transition plan including the regeneration of Sedgefield and Newton Aycliffe town centres, the one stop shop Pioneering Care Centre and the training partnership with Bishop Auckland College.
- 39 Performance management continues to be robust. The transition plan is monitored regularly and reviewed by management team. Quarterly monitoring of key performance indicators continues and systems have been updated to capture data for new national performance indicators.

Access to Services inspection

40 An inspection of access to services in County Durham covering all eight local councils in the county was undertaken in 2008. The inspection was not a detailed review of the approach taken by each individual district or the county council and therefore does not make judgements about individual councils or have scored judgements. The purpose of the inspection was to gain a county wide perspective on access to services and identify key issues for the new unitary council. The final report was published in July 2008 and the key findings were as follows.

- All councils in County Durham have a strong commitment to improve the way in which local people can access their services and they have taken a broad range of approaches. There is strong leadership across the county which is championing customer care, together with a genuine commitment and positive attitude to developing new approaches. All of the councils have had an explicit vision or priority to improve customer services for some time. However several councils have halted their improvement programmes due to LGR.
- All councils have made some good, but recent, progress but overall arrangements across the County are fragmented and lack coherence. Arrangements are still relatively underdeveloped compared to higher performing councils nationally. How easy it is to access services depends very much on where people live and whether their preferred contact method has been actively promoted by the council in that area.
- Front line customer service staff in all councils demonstrate genuine commitment to delivering a high quality service to the public and appear well skilled to handle enquiries efficiently. They also have good local knowledge.
- All councils demonstrate a genuine commitment to responding to the needs of local people but the overall approach is variable and knowledge of residents' access needs is mostly out of date. There is good engagement with some groups, for example, Gypsies and Travellers, faith networks, young people, area forums and tenant and residents groups. However councils do not consistently and proactively seek the views of people who do not access their services and work is only just beginning in this area.
- The councils generally work well with partners, but partnership working to allow cross-organisational access to services is generally under-developed.

The audit of the accounts and value for money

- 41 As your appointed auditor I have reported separately to the full Council on the issues arising from our 2007/08 audit and have issued:
- my audit report, providing an unqualified opinion on your accounts and value for money (VfM) conclusion on 26 September 2008; and
 - the report on the Best Value Performance Plan confirming that the Plan has been audited.

The key issues arising from the audit

- 42 The closure of the 2007/08 accounts was very challenging due to the significant demands placed on key officers, including:
- the introduction of a number of complex new accounting requirements;
 - ongoing involvement in LGR workstreams dealing with finance related issues; and
 - involvement in the Large Scale Voluntary Transfer (LSVT) project at critical times during the year.
- 43 Nevertheless the Council complied with statutory deadlines for approving and publishing the accounts and the quality of financial reporting was adequate. There were however a number of non-trivial errors which required amendment and re-approval of the accounts by the Council before the unqualified audit opinion was given. The detail behind these errors was reported to Council in September 2008, in our Annual Governance Report. These issues led us to reduce the use of resources score for the financial reporting element to level 2 (see below).
- 44 Looking forward the loss of key accountancy staff and the need to account for the complex LSVT of housing assets will make the 2008/09 closure equally challenging. This emphasises the importance of working closely with the new unitary council to prepare and implement a clear plan and programme for how the 2008/09 final accounts will be produced.
- 45 Overall the Council has good management arrangements for ensuring data quality and during the past year has made further improvements in a number of areas. Our testing of two national performance indicators for the speed of processing of housing and council tax benefit claims and the speed of processing of housing and council tax benefit changes found that they were fairly stated.

Use of Resources

- 46 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).
- 47 For the purposes of the CPA we have assessed the Council's arrangements for use of resources in these five areas as follows. These results will be published by the Audit Commission in March 2009.

Table 1 Use of resources scores

Despite the additional demands placed upon the Council due to the implementation of LGR, the Council has continued to maintain and, in some areas, strengthen its arrangements

Element	2007/08 assessment	2006/07 assessment
Financial reporting	2 out of 4	3 out of 4
Financial management	4 out of 4	3 out of 4
Financial standing	3 out of 4	3 out of 4
Internal control	3 out of 4	3 out of 4
Value for money	3 out of 4	3 out of 4
Overall assessment of the Audit Commission	3 out of 4	3 out of 4

Note: 1 = lowest, 4 = highest

- 48 The use of resources assessment continues to be a harder test with a number of new requirements to be met in 2007/08. Despite this, and the additional pressures and uncertainties created in the period leading up to LGR, the Council has improved or maintained its performance in most of the areas assessed. There was one issue which led to a reduction in the score for financial reporting, which is summarised in paragraph 43 above.

The audit of the accounts and value for money

- 49 This means that overall the Council is 'performing well' in its use of resources and has effective and embedded arrangements to deliver adequate or better performance across all those areas that have been assessed.
- 50 The Council is particularly strong at financial management, which received a level 4 score. Notable practice in this area included:
- conducting a self-assessment of budget holders during the year with very positive results; and
 - issuing quarterly accrued management reports to budget holders to illustrate the impact of financial performance on balance sheet items.
- 51 The Council has also managed a large capital programme well and the outsourcing of housing repairs and maintenance has not reduced service quality. Tenant satisfaction remains relatively high and time taken to complete housing repair work is low compared to other councils.

Local Risk Work

Managing sickness absence

- 52 In light of Sedgefield's high sickness absence statistics, in common with those of other council's in the area, the Commission produced a report in May 2008 on how well councils across Durham and Tees Valley manage sickness absence. The report indicated issues particular to each council, but also made a number of overall findings, which are relevant to the operation of the new unitary council. These are as follows.
- There were clear policies and procedures in place and comprehensive data available to monitor and improve sickness absence levels, but the application of the policies and procedures was inconsistent.
 - Those councils that were reducing levels of sickness tended to have a corporate focus on reducing sickness and good levels of timely information provided to line managers who were well supported in managing sickness.
 - Those most effective at reducing sickness absence placed responsibility with managers to provide information on a regular basis, although information was not always reported in a timely, consistent or comprehensive format or provided as required at different levels of the organisation.
 - Improvement was not consistently focused on challenging targets for services to reduce sickness absence.
 - The implications of high levels of sickness absence and hence the need for challenging targets were not well understood or communicated, with little understanding or attempt to understand individual departments' contribution to corporate targets.
 - Councils generally provided a good working environment with a good range of health and well-being initiatives in place for staff, although these were in some cases on an ad-hoc basis and are not always well communicated to staff.

- 53 At Sedgefield the 2007/08 average sickness peaked at 14 days per FTE, which was the highest in the County. The Council agreed an action plan with us to address the problem and introduced a new sickness policy to apply across all departments. Sickness is now reducing, partly due to the outsourcing of the housing repair service mentioned earlier, but remains relatively high and stubbornly above target.

Health Inequalities

- 54 The Audit Commission and Deloitte have been reviewing how organisations across the North East work together to address health inequalities and what the challenges are. Last year we looked at how councils, police, primary care trusts (PCTs), health trusts and other public sector bodies and the community and voluntary sector partners within areas across the north east were working together. This work concluded that in general, organisational partners were good at identifying the problem and agreeing priorities but less good at developing targeted strategies, commissioning and delivery of services and monitoring and evaluating.
- 55 As part of the final phase of our work we have reviewed how partners are working together to reduce alcohol harm in County Durham. This was selected for review in recognition of the significant issues arising from alcohol.
- Adults in the North East are more likely to drink heavily than adults in the rest of England.
 - There is a higher prevalence of 'hazardous' or 'dependent' alcohol consumption in the North East than in other English regions.
 - There are higher rates of alcohol related morbidity in the North East among men and women than in the rest of England;
 - The overall cost of alcohol misuse in the North East is approximately £1billion per year.
 - All the Durham Districts have higher rates of hazardous, harmful and binge drinkers than nationally.
- 56 The review has assessed how agencies are addressing the challenges and working together to reduce health inequalities and the harm caused by alcohol. The report focuses on the outcomes of that work and will feed into a region-wide report on health inequalities.
- 57 Recent developments and activity is promising.
- There has been increased mainstream investment of £1.3 million this year and £1 million next (amounting to £4.66 per head of population across Durham County) and a focus on strengthening the arrangements across all agencies. It is too early to see the results of this effort but the key elements necessary to achieve the huge changes needed are in place or developing.
 - Needs assessment has identified gaps in services and informed the investment of sustainable funding to address this agreed priority. Good progress is being made. Arrangements are being strengthened in line with national recommendations and local piloting has been used to evaluate initiatives before they are rolled out across the county.

The audit of the accounts and value for money

- Sustainable funding has been secured to support initiatives but there is still some short-term funding which could result in valuable expertise being lost. There are still gaps in services particularly specialist inpatient services.
- Considerable effort is being made to target services on the areas identified through joint needs assessment, but much of the information is based on estimates and needs to be strengthened by collecting actual alcohol consumption data. The proposed new GP enhanced service should strengthen the identification of needs and subsequent treatment including hard to reach groups.
- Accountability within the partnership groups is clear and performance relating to high level national targets is monitored.

58 However there are areas that require further development.

- Agreement of a new County wide commissioning strategy to target outcomes that reduce the harm caused by alcohol.
- Reduced reliance on nationally recognised estimates of alcohol consumption by collecting local data to more accurately inform service plans and coverage.
- Strengthening of arrangements to ensure data quality between partners.
- Detailed performance measures and targets to ensure that commissioned services deliver the required outcomes to reduce the harm caused by alcohol.

59 The links between the health and community safety aspects of alcohol related harm are clear in partnership arrangements and strategies. There is wide representation across all partners. However not all agencies have a named alcohol lead and front line staff across the County need to be trained to use the new audit tool and brief interventions to address alcohol misuse.

Looking ahead

- 60 The Council will be all too well aware that Sedgefield Borough Council will demise on 31 March 2009, and may therefore question the relevance of a section in this letter devoted to 'Looking Ahead'. However:
- even in the short period remaining to vesting day there are important projects and responsibilities that remain to be delivered; and
 - some members will continue to represent the Sedgefield public through their role in the new Unitary council or activity within the local political parties.
- I therefore felt it appropriate to provide some comment on the coming few months and beyond, some of which summarises issues already raised early in this letter.
- 61 The key focus for the Council throughout the LGR period has been to ensure that service performance and standards of conduct and probity are at least maintained, if not improved. It is commendable that this has been largely achieved to date and that no significant failure of service have occurred to date. However as vesting day approaches the pressures and risks will increase, not least through the quickening erosion of capacity as staff leave or are seconded into the new organisation.
- 62 It is therefore crucially important that the Council maintain its effort to secure the objective of seamless handover and maintained service. This will require:
- dynamic and rigorous evaluation of risks, to track and respond to developing issues which 'flare up', together with robust action plans to address them;
 - frequent and timely performance monitoring updates, so that early warnings are provided of developing 'pressure points' and diminishing services;
 - refinement and delivery of plans to ensure that staff resource shortfalls are addressed, so that sufficient capacity is maintained in all key areas; and
 - actively engage the new Unitary Council to clarify responsibility, plans and timetables for the closure of the 2008/09 accounts. It is perhaps surprising that even at this relatively late stage, we are unable to confirm some of the basic arrangements for accounts closure, including crucially the role of the new Unitary Council and its officers.
- 63 With regard to the audit work programme, we will not be carrying out an assessment of the Council's use of resources arrangements for the 2008/09 financial year. We will however audit the Council's financial statements for the year ending 31 March 2009 and give our conclusion on the adequacy of your arrangements for securing economy, efficiency and effectiveness of the Council's use of resources. We expect to report our value for money conclusion and opinion on the 2008/09 accounts, along with our 2009 Annual Audit Letter to the new unitary council in September 2009.
- 64 In the final months of the Council's existence we will continue to work closely with officers to ensure that any remaining audit work is completed and reported efficiently.

Closing remarks

- 65 This letter has been discussed and agreed with Brian Allen (Chief Executive). A copy of the letter will be presented at the full council on 27 March 2009. Copies need to be provided to all Council members.
- 66 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
Interim audit memorandum	May 2008
Review of sickness absence	May 2008
Access to Services Inspection Report	July 2008
Annual Governance Report	September 2008
Opinion on financial statements	September 2008
Value for money conclusion	September 2008
Final accounts memorandum	September 2008
Review of capital expenditure	September 2008
Annual audit and inspection letter	February 2009

-
- 67 In a period of significant change, we remain grateful for the Council's continuing positive and constructive approach to audit and inspection work. With this in mind we wish to thank the Council's staff for their support and cooperation during the audit. We would also like to take this opportunity to wish the staff and members of the Council well for the future.

Availability of this letter

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

Marion Talbot
Comprehensive Area Assessment Lead

Cameron Waddell
District Auditor

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

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

© Audit Commission 2009

For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 0844 798 1212 Fax: 0844 798 2945 Textphone (minicom): 0844 798 2946

www.audit-commission.gov.uk
