



Chester-le-Street
District Council

REPORT TO: Council

DATE OF MEETING: 27th March 2008

REPORT OF: Director of Corporate Services

SUBJECT: Annual Audit and Inspection letter

ITEM NUMBER:

1 PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to advise Members of the Audit Commission's recently published Annual Audit and Inspection Letter for Chester-le-Street. The letter is incorporated as Appendix 1. Representatives of the Audit Commission will be present at the council meeting to present their audit and inspection findings and answer members queries.
- 1.2 The letter 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 2006/07 and from any inspections undertaken since the last Annual Audit and Inspection Letter. It includes the councils Direction of Travel report for the previous year.
- 1.3 The letter provides some very positive messages about the council's progress over the last couple of years.
- 1.4 Members are recommended to:
- 1) Receive and welcome the Annual Audit and Inspection Letter;
 - 2) Consider the key messages set out within the letter
 - 3) Agree to building the key messages and recommendations into the Council's Corporate Improvement Plan

2. CONSULTATION

- 2.1 The Chief Executive, Directors, and Service Team Managers have been engaged in responding to aspects of the draft Annual Audit and Inspection Letter.

2.2 No other consultations were considered necessary at this stage including external consultations or engagement including the County Council.

3. CORPORATE PLAN AND PRIORITIES

3.1 The Annual Audit and Inspection Letter is relevant to the Corporate Plan and the seven existing priorities of the council. Indeed it addresses progress against them.

3.2 The council's choice to move towards a single priority of '**People and Place**' priority was considered as part of the budget setting process and has been fully discussed with the Council's Relationship Manager.

4. IMPLICATIONS

4.1 Financial implications and value for money statement

The Annual Audit and Inspection Letter assesses the council's Use of Resources, advises on the council's accounts and provides a value for money judgement. The letter shows an improvement in the Council's Use of Resources score, an unqualified opinion on the council's accounts and concludes that the council's value for money arrangements are adequate. It is considered that the council remains on course for delivering and improving value for money.

4.2 Local Government Reorganisation Implications

The subject matter of this report has relevance to Local Government Reorganisation. In particular the letter provides recommendations to what the council ought to be doing to contribute to the process. It is considered that the council has already acted to address these recommendations. Furthermore the County Council ought to be assured of the Council's commitment to improving service delivery and use of resources evidenced by the Audit Commission's conclusions

4.3 Legal

It is not felt that there are any significant legal issues arising from this report.

4.4 Personnel

The Annual Audit and Inspection Letter is relevant to all employees and Members. Its positivity is something that all associated with the organisation can be proud of.

4.5 Other Services

The Annual Audit and Inspection Letter has implications to all services delivered by the council.

4.6 Diversity

There are no specific diversity issues in respect of the Annual Audit and Inspection Letter.

4.7 Risk

There are clear risks to the organisation in failing to continue to maintain and improve on its progress in its remaining year. The council remains committed to improving its services although it faces difficult capacity challenges through the transition period. The council will be undertaking a strategic risk assessment once the delivery plans in relation to '**People and Place**' have been developed. The report recommends that the learning from the Annual Audit and Inspection Letter is built into the Corporate Improvement Plan. This ought to mitigate any risks associated with failure to address advice given in the letter.

4.8 Crime and Disorder

It is not felt there are any specific implications of the report on Crime and Disorder.

4.9 Data Quality

Every care has been taken in the development of this report to ensure that the information and data used in its preparation and the appendices attached are accurate, timely, consistent and comprehensive. The council's Data Quality Policy has been complied with in producing this report.

4.10 Other Implications

The report does not relate to a key decision. It is considered that the information will be communicated to the community and stakeholders by inclusion on the web-site. The Annual Audit and Inspection Letter has already been made available to staff and Members through the intranet in a draft form. There are considered to be no significant issues arising out of the subject matter of the report.

5. BACKGROUND, POSITION STATEMENT AND OPTION APPRAISAL

5.1 The audit commission have recently published their Annual Audit and Inspection letter. The letter is incorporated as Appendix 1. It 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 2006/07 and from any inspections undertaken since the last Annual Audit and Inspection Letter. It includes the council's Direction of Travel report for the previous year. The letter provides some very positive messages about the council's progress over the last couple of years.

5.2 The key messages arising from the Commission's inspection work are:

- The Council has continued to improve services in its priority areas and overall. The scale of the Council's improvement is now reflected in its Comprehensive Performance Assessment (CPA) category which has improved from 'poor' to 'good' as a result of a CPA inspection in June 2007. The Council was the first district council to achieve such a significant improvement in its CPA category;
- Progress against the Council's priorities and contribution to wider community outcomes is good. There are many examples of where the Council has worked closely with residents and partners in delivering significant improvements;
- In common with councils across Durham, the Council has implemented good regeneration projects. However, the councils are not working together well enough to close the gap between economic prosperity in Durham and the rest of the country; and
- The Council has good arrangements for further improvement.

5.3 The key messages arising from the Commissions audit work are:

- The Commission were able to issue an unqualified opinion on the Council's accounts;
- The Council considered stakeholder views when deciding not to produce an annual report;
- The Council continues to ensure that its medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities;
- The Council has continued to improve arrangements for controlling spending and reported an overall underspend in 2006/07; and
- The Council has improved arrangements in internal control and continues to perform well in this area.

5.4 The Audit Commission also notes that the Government has decided to take forward the option of local government reorganisation in County Durham. They indicate that the Council will demise next year and its functions will be transferred to a new unitary council that will cover the whole of County Durham. They take the view that early indications are that the Council is making a positive contribution to making a success of the new council but this early impetus needs to be maintained over the coming months. In particular the Commission recommend that the council should:

- Prioritise making a positive contribution to transitional working designed to establish the new council;
- Set aside or secure sufficient resources to make the above contribution; and
- Ensure that attention is given to maintaining key public services in the transition period.

5.5 It is considered that the Annual Audit and Inspection report demonstrates the massive progress the council has made over the last few years. The report acknowledges that the council was the first council in the country to make such a significant improvement in its CPA and considers the council's performance improvement to be 'impressive'. The letter identifies that overall Use of Resources judgement has improved to a Level 3 and the Value for Money judgement has been maintained at a level 2

5.2 The council's Corporate Improvement plan includes an action point to build on learning from audit and inspection. It is considered that the Annual Audit and Inspection Letter ought to be used to develop the council's improvement in the last year.

5.6 It is considered that the Commission's specific advice about Local Government Reorganisation has already been taken on board by the council as follows:

- The council has made making a positive contribution to transitional working designed to establish the new council as a commitment in its Transition Plan, while setting out a clear single priority of '**People and Place**';
- Has set aside through the 2008/2009 budget process resources to make the above contribution subject to the capacity of the organisation to deliver; and
- Have set out a clear commitment in the Transition Plan to continue to deliver improving services focused on the clear single priority of '**People and Place**'.

6. **RECOMMENDATIONS**

6.1 Members are recommended to:

- 1) Receive and welcome the Annual Audit and Inspection letter;
- 4) Consider the key messages set out within the letter
- 5) Agree to building the key messages and recommendations into the Council's Corporate Improvement Plan

7. **BACKGROUND PAPERS / DOCUMENTS REFERRED TO**

7.1 Annual Audit and Inspection Letter – Audit Commission March 2007

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11th March 2008
Version 1.0

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