

Annual Audit and Inspection Letter

Date

Last saved: 31/03/2008 13:59:00

DRAFT

Annual Audit and Inspection Letter

Stockton on Tees Borough Council

- Audit Commission descriptor to be inserted by Publishing-

Document Control

Author

Catherine Andrew

Filename

Stockton AAIL LWSN.doc

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:

- prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission; and
- 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.

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 2007

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

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

Tel: 020 7828 1212 Fax: 020 7976 6187 Textphone (minicom): 020 7630 0421

www.audit-commission.gov.uk

Contents

Key messages	4
Action needed by the Council	4
Purpose, responsibilities and scope	5
How is Stockton Council performing?	6
The improvement since last year - our Direction of Travel report	7
Service inspections	11
Other Performance Work	18
The audit of the accounts and value for money	16
Looking ahead	21
Closing remarks	22
Availability of this letter	22

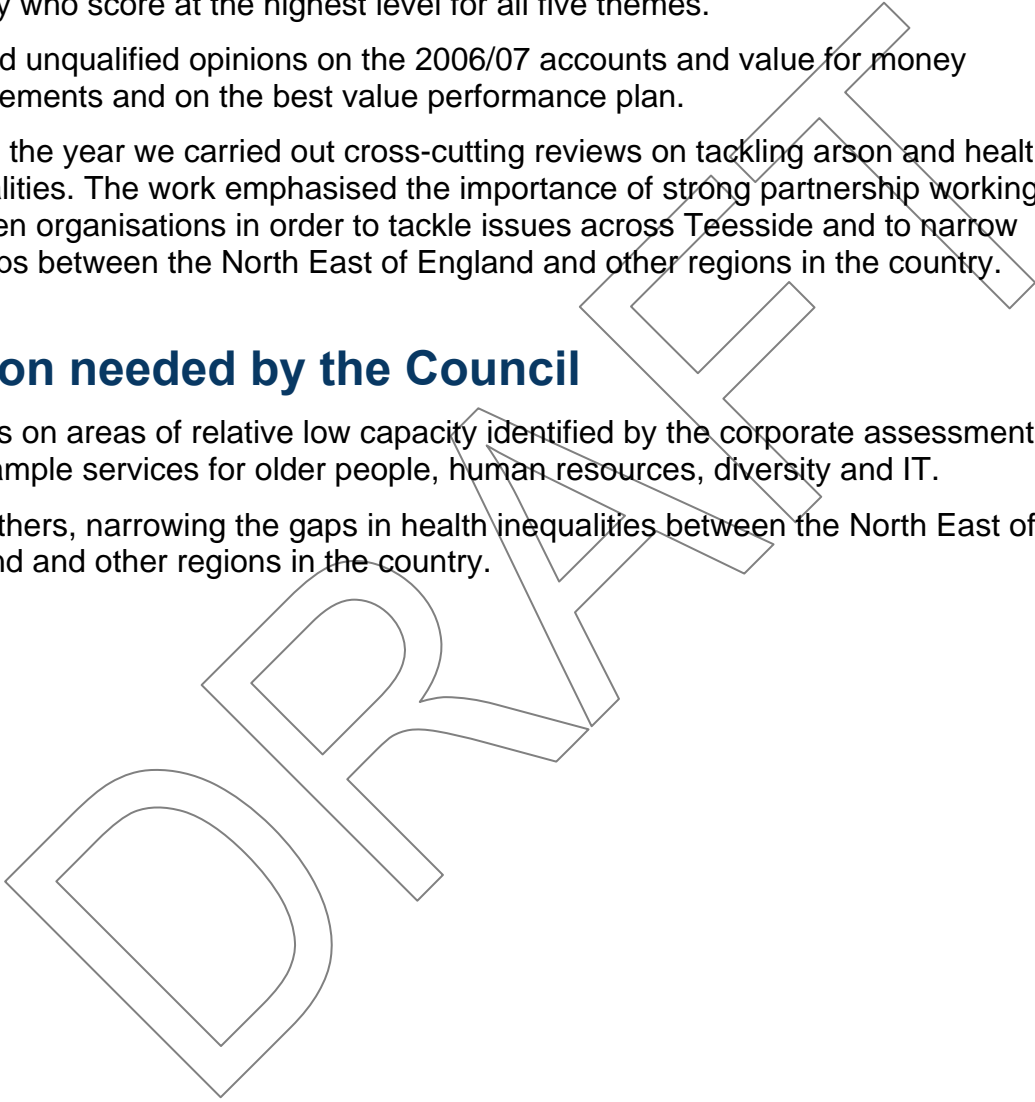
DRAFT

Key messages

- 1 Stockton Council is improving strongly and classified as four star in its current level of performance. Significant improvements in its services have been achieved through a combination of excellent partnership working and a strong grip on delivery.
- 2 The Council has improved its use of resources scores in financial standing, internal control and value for money and is now one of only two Councils in the country who score at the highest level for all five themes.
- 3 I issued unqualified opinions on the 2006/07 accounts and value for money arrangements and on the best value performance plan.
- 4 During the year we carried out cross-cutting reviews on tackling arson and health inequalities. The work emphasised the importance of strong partnership working between organisations in order to tackle issues across Teesside and to narrow the gaps between the North East of England and other regions in the country.

Action needed by the Council

- 5 A focus on areas of relative low capacity identified by the corporate assessment, for example services for older people, human resources, diversity and IT.
- 6 With others, narrowing the gaps in health inequalities between the North East of England and other regions in the country.



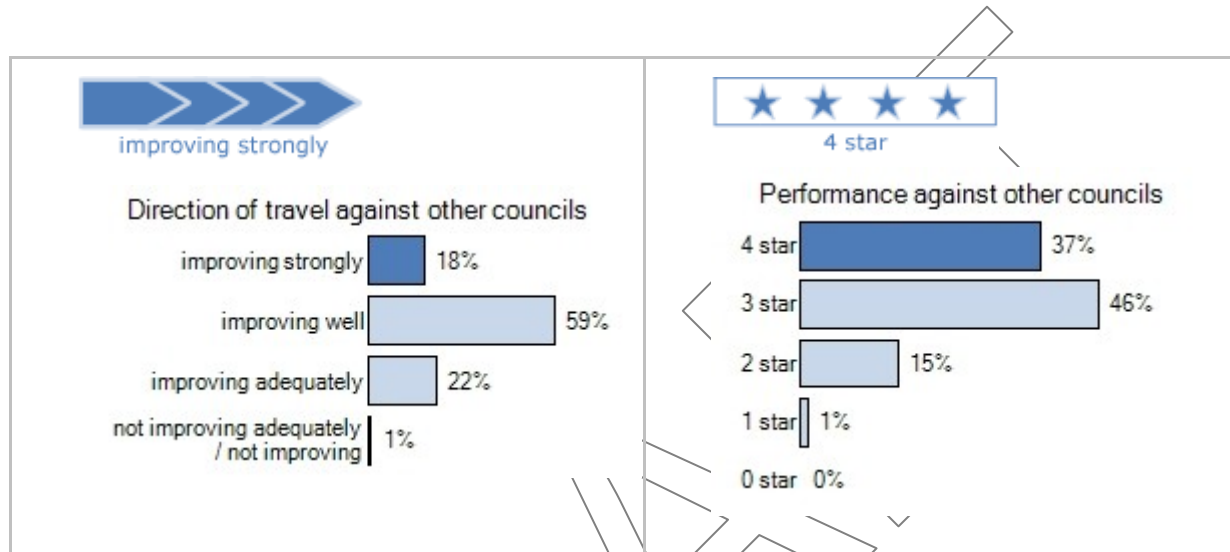
Purpose, responsibilities and scope

- 7 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 2006/07 and from any inspections undertaken since the last Annual Audit and Inspection Letter. It also includes the results of the most recent corporate assessment.
- 8 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.
- 9 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.
- 10 Your appointed auditor is responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, the auditor reviews and reports on:
 - the Council's accounts;
 - whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion); and
 - whether the Council's best value performance plan has been prepared and published in line with legislation and statutory guidance.
- 11 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.
- 12 We have listed the reports issued to the Council relating to 2006/07 audit and inspection work at the end of this letter.

How is Stockton Council performing?

- 13 The Audit Commission’s overall judgement is that Stockton Council is improving strongly and we have classified Stockton Council as four star in its current level of performance under the Comprehensive Performance Assessment. These assessments have been completed in all single tier and county councils with the following results.

Figure 1



Source: Audit Commission

- 14 The detailed assessment for Stockton Council is as follows.

Our overall assessment - the CPA scorecard

Table 1 CPA scorecard

Element	Assessment
Direction of Travel judgement	Improving strongly
Overall	4 star
Corporate assessment/capacity to improve	4 out of 4
Current performance	
Children and young people*	4 out of 4
Social care (adults)*	3 out of 4

Use of resources*	4 out of 4
Housing	4 out of 4
Environment	3 out of 4
Culture	3 out of 4
Benefits	4 out of 4

(Note: * these aspects have a greater influence on the overall CPA score)
(1 = lowest, 4 = highest)

The improvement since last year - our Direction of Travel report

CPA Scorecard summary

- 15 Stockton on Tees Borough Council is improving strongly. The Council has delivered success in its priority areas and service performance is high in comparison to other councils. Children and young people continue to perform to a high standard with improved outcomes at key stages 2 and 4. There has also been an improvement in the attainment levels of vulnerable children, black and minority ethnic pupils (BME) and children with special educational needs.
- 16 The index of multiple deprivation has been reduced in Stockton-on-Tees and regeneration is being used in the three town centres of Stockton, Billingham and Thornaby to further improve the future quality of life of local people. There has also been a reduction in recorded crime; property and vehicle crime have reduced significantly. Integrated working between the Council and the primary care trust (PCT) has yielded significant progress on smoking cessation and in helping people to live independently supported by telecare, community matrons and intermediate care programmes.
- 17 Value for money has improved in the last year and is excellent. The Council has a robust approach to service planning successfully channelling resources into priority areas, ensuring that strategic change priorities result in action within front line services.

Report

- 18 Services continue to perform strongly and are improving in areas the Council has identified as priorities, with continued high levels of public satisfaction. Priorities are:
 - Children and young people
 - Healthier communities and adults (including culture)
 - Community Safety
 - Economic regeneration and transport
 - Liveability (including environment and housing)

- 19 Services overall are improving strongly. PI data show that 66 per cent of PIs have improved in the last year, which is above the average range for similar councils. Thirty eight per cent of PIs are in the top quartile compared with an average of 29 per cent for similar councils. Performance over the last 3 years shows that 65 per cent of PIs have improved. There have also been improvements in performance against the quality of planning service checklist from 88.9 in 2005/06 to 100 per cent in 2006/07.
- 20 Services for children and young people continue to perform to a high standard, having maintained an Annual Performance Assessment score of 4. Within this there are many examples of improved outcomes. Results at the Foundation Stage continue to improve. At Key Stage 1, Stockton-on-Tees is above the national average at all levels and in all areas. At Key Stage 2 results have been sustained above national levels in English, Maths and Science at levels 4 and 5, with year on year improvement – 2005 to 2007 - in the percentage of pupils achieving level 5 in English and Maths. Between 2006 and 2007, the gap between the performance of boys and girls narrowed in English (particularly in reading and writing), Maths and Science at KS2 level 4+. There is variation in attainment levels at Key Stage 3. At Key Stage 4 there has been a 5 per cent increase in results for 5+ A* - C, which now stands at 60 per cent.
- 21 The performance of vulnerable groups of children and young people also shows progress. For example, targeted support has further reduced the attainment gap for BME pupils at Key Stage 2; and there has been further improvement for pupils identified as having SEN in 2007. The proportion of adoptions has increased and is now 13.7 per cent above comparator group averages. There are some inconsistencies in social care and youth offending practice, for example with regard to the completion of care plans.
- 22 Work on healthier communities is well integrated between the Council and PCT. Joint commissioning arrangements have been in place for 5 years and joint appointments are being extended to third tier management posts. The Council has exceeded its LPSA smoking target to increase the number of '4 week quitters'. It has reduced the number of pregnant mothers who smoke from 23 per cent in 2003-04 to 18 per cent in 2005-06. Some aspects of health are proving more resistant to improvement, such as the level of alcohol abuse. An inspection report published in 2007 showed that the Supporting People service was judged to be a "good", two star service with "promising prospects" for improvement. A strategic approach to older people is being developed and work is underway to embed the actions within the new strategy.
- 23 Performance in 2006-07 shows progress in helping people to live independently supported by telecare, community matrons and intermediate care programmes. The proportion of older people helped to live at home has increased and admissions to residential care decreased. There has been a significant increase in the proportion of drug mis-users sustaining or completing treatment over the last three years. Mental health services are improving, with waiting times reduced and there are more employment opportunities for adults with mental health needs.

- 24 Work in relation to improving community safety continues to impact positively. There is widespread ownership and understanding of community safety priorities. There has been a continual improvement in recorded crime across the Borough for several years, with a 14 per cent reduction from 2003/04 to 2006/07. Fear of crime has reduced, but at a lower rate than crime itself. The impact of initiatives to combat violent crime has resulted in a 13 per cent reduction. A continued commitment to tackling vehicle crime has resulted in a 14 per cent reduction in 2006/07. There has also been a 9 per cent reduction in the house burglary rate. The robbery rate has also fallen at a time when national levels have increased. The Council's enforcement services are having a significant impact on fly tipping, graffiti removal, ASB and arson.
- 25 There have been improvements in regeneration. The three town centre developments in Stockton, Billingham and Thornaby have continued to make progress, with the project in Thornaby on schedule for completion by March 2009. The Council's approach to regeneration is underpinned in an ambitious Regeneration Strategy. LPSA targets aimed at moving people from incapacity benefit into employment have been exceeded, securing £421,000 performance reward grant. Significant initiatives have been completed to improve transport but this remains an area for further improvement. £500,000 has been invested to introduce real time bus timetabling.
- 26 Work on the priority theme of liveability is also making a difference, with improvements in a number of key housing performance indicators. Support to homeless people has improved with the average length of stay in bed and breakfast accommodation of priority need households reduced by 65 per cent to 0.54 weeks. In addition the average length of stay in hostel accommodation of priority need households further reduced from 8.73 to 8.28 weeks. The proportion of non-decent local authority homes in the Borough has continued to drop, with only 23 per cent non-decent at 31st March 2007.
- 27 There have been environmental improvements, although the Council could do more to address its own waste production. Recycling and composting levels have increased, from 16.65 per cent in 2005/06 to 21.26 per cent in 2006/07, although they remain low in comparison to others. The whole borough is covered by kerb-side recycling of multi-materials and all homes with gardens receive green waste collections. Residents have noticed marked improvements in street cleanliness. Stockton won Best City in the Britain in Bloom awards.
- 28 The Council is contributing to wider community outcomes. Community engagement is strong and effective. Tri-annual surveys of public opinion are taken via residents' panels: Viewpoint and Youth Viewpoint. In the medium to long term the Council assesses the impact of improvements for residents through the statutory BVPI surveys and a biennial residents' survey. These enable the Council to assess the feeling of the public in relation to how well they are contributing to wider outcomes. The Council has supported the community and voluntary sector through training.

- 29 The Council is improving access for those regarded as hard to reach. There is progress in relation to equality and diversity where the Council is addressing issues of equality and diversity more thoroughly. But the position of the Council - for example in seeking to move from Level 1 to Level 3 of the equality standard - is behind many local authorities. BME groups are under represented in the workforce, a community cohesion strategy has only recently emerged and equality impact assessments have had limited impact. There is an ethic of customer service with staff, with the Council's first call centre opening in January 2008. Priorities are reviewed in the light of input from partners and residents, including BME and disability groups.
- 30 Value for money has improved in the last year and is strong. The overall position is one of low cost with most service costs similarly low. Where costs are high, spending is linked to priority areas, such as environment and culture. There are no significant areas of unintended high spending.
- 31 The Council has a robust approach to service planning that has been highly successful in channelling resources into priority areas. The Council Plan sets out the key improvement priorities for the coming year and the medium term, and is closely aligned to the Borough's Community Strategy. The hierarchy of planning ensures that there are links between strategic change priorities and action within front line services.
- 32 The Council has partnership arrangements that enhance capacity for further improvement and recognise its ambitions cannot be achieved in isolation. For example, a Children's Trust Board, linked to the Local Strategic Partnership and supported by thematic sub-groups such as the Local Safeguarding Children Board. The longstanding LSP, Stockton Renaissance, is effective and has been positively assessed by the regional government office. It is recognised by all partners as a strength. All partners are signed up to the ambitions within the Community Strategy, which are well communicated. Priorities are in line with the broader aims and ambitions within the Community Strategy.
- 33 The performance management framework and processes within the Council and in the key partnerships are comprehensive and challenge is robust. There is a culture of improvement and the Council has a good record of identifying problems and turning them round. The Council is performing well in relation to its own basket of key indicators where 79 per cent of measures were reported to have improved or maintained performance in 2006/07. Sixty seven per cent met the targets set. In both cases this is an improvement on the previous year. Unaudited data for the mid point of 2007-08 shows that 75 per cent were showing improvement on the same period last year.

- 34** The Council has a robust financial strategy and sufficient financial capacity to deliver priorities. The approach to procurement, risk management and project management is good. A commissioning approach is well developed in children's services and social care. The Council generated £3.7 million of efficiencies in 2006-07. Use of ICT has resulted in savings and efficiencies. However, a more strategic approach to ICT is required and this has been recognised by the Council in its newly revised ICT strategy. Some of this is being addressed by the Stockton- Darlington partnership, but at an early stage of development. There have been some significant achievements within HR, such as reaching an agreement on single status; but the Council is aware that important significant HR challenges remain unresolved, for example the high levels of sickness absence.
- 35** There are no significant weaknesses in arrangements for securing continuous improvement. The current political leadership is new, but is maintaining a focus on the plans and ambitions drawn up by the previous administration.

Corporate assessment

Executive summary

- 36** The Council is performing strongly. It has made a major contribution to the area's revival following the loss of traditional manufacturing industries, bringing about transformation through sustained community leadership. It is a major regional player and is fiercely ambitious in its desire to better its residents' quality of life. Significant improvements in its services have been achieved through a combination of excellent partnership working and single-minded grip on delivery. The physical environment of the borough has improved noticeably.
- 37** Improvements have been driven by strong political and managerial leadership. The chief executive is recognised both regionally and nationally as providing strong leadership. He is supported by high quality staff in key positions. Corporate management processes are well embedded and performance management is particularly strong. Where services run into difficulties, the Council has a good record of identifying problems and turning them round.
- 38** Councillors and officers work well together across the organisation. Stockton Council is recognised by stakeholders for its political drive. Political arrangements in the borough changed significantly during 2007, but the new and unusual political arrangements have worked effectively so far in delivering a consensus based on community needs.
- 39** Partnership working is ingrained across Tees Valley agencies and the Council is playing a leading part. The local strategic partnership, Stockton Renaissance, is effective and has been positively assessed by the regional government office. Council partnership goes beyond this, embracing a variety of development and delivery vehicles across the Tees Valley, ranging from Tees Valley Unlimited, which is coordinating plans for formal city region status through a multi area agreement, through to more specific bodies such as Tees Valley Climate Change Partnership. There is above average approval from a wide range of stakeholders for the job the Council is doing.

- 40 The Council's high profile is the result of a deliberate strategy designed to bring beneficial change to residents, and is well deserved. Despite being responsible for quite disparate communities, the Council attracts high levels of approval from its residents, who have been well satisfied with the overall level of service provided by the Council, and with most service areas, for a considerable period of time. This consistency of approval is a good indicator that the Council has not rested on its laurels, despite a track record of performing at the highest levels which now stretches back several years.
- 41 Resident satisfaction is also grounded in recognition that the Council gives excellent value for money. There are no areas where high costs and low performance are linked. The Council is focused on delivering efficiencies, and is investing effectively in its priorities. Overall financial management is strong, and Council tax rises have been lower than average. A commissioning approach is well developed in children's services and social care, and while externalisation is limited, the Council has worked hard to evaluate options to ensure its services are cost effective. It is now in the process of implementing a substantial shared services arrangement with Darlington Council. The Council has the financial resources it needs to deliver its ambitions.
- 42 There have been significant achievements in areas such as crime reduction, housing renewal, regeneration and children's services. Residents have noticed marked improvements in street cleanliness. Recycling rates are improving. The Council is extending its understanding of the needs of older people and is supporting greater independence among this age group. Progress has been made in extending life expectancy and tackling cancer and circulatory disease mortality rates, though health inequalities remain a significant issue for the borough.
- 43 The Council's success is partly attributable to an embedded culture of user focus within the organisation. Community engagement is strong, and there is an ethic of customer service amongst staff. Investment in some areas of human resources and a more strategic approach to ICT would develop capacity still more. The Council is absorbing the implications of changes in its diverse communities. It is beginning to address issues of equality and diversity more thoroughly in its services, and within its own organisation, where Stockton's disabled and black and minority ethnic communities are under represented. It has also begun to develop its initiative based approach to community cohesion into something which is more strategic.
- 44 The Council's track record of community leadership is demonstrated by its well managed approach to neighbourhood renewal. It has used the funds at its disposal in a targeted way to deliver improvement in communities which had undergone considerable decline and which presented difficulties of remedy. Painstaking work on housing redevelopment linked to wider issues of sustainability and safety is bringing about improvement to areas like Parkfield and Hardwick. The Council has made progress against most of the government's floor targets, and has managed to narrow some significant gaps both within the borough and in comparison to national averages.

Areas for improvement

- 45 The Council is in a strong position and in general is well equipped to sustain and build on its present levels of achievement. However, by strengthening some areas of capacity it would be able to enhance the speed and quality of its onward journey.
- 46 Human resources issues now need a stronger and more determined focus. In particular issues of workforce planning need more attention so the Council can address issues of recruitment and retention more effectively. The Council should continue to expand its initiatives on workplace health as part of the drive to reduce sickness absence levels, and examine carefully ways to reduce long term absence.
- 47 The focus on diversity issues both within the Council and for the Stockton communities needs to be sustained and accelerated. Within the Council there is a need to concentrate on ensuring the diversity focus brings actual change, for example in the proportions of black and minority ethnic and disabled people in Council employment. An improvement here would make the Council better equipped to meet the needs of its increasingly diverse communities. The strategic approach to community cohesion needs to be embedded among Council staff and partner agencies to drive improvement for the different communities in Stockton.
- 48 Following publication of its new IT strategy, the Council should focus on developing its ICT capacity to optimise the support that improved arrangements could bring to its plans. The recent progress on access to services could be reinforced through a more systematic focus on business process re-engineering.
- 49 Most services are good, but the Council needs to implement its plans to address the issues highlighted in this report. In the area of children and young people's services, these include the variation in attainment levels at key stage 3, young people's re-offending rates and the need to improve quality assurance to eliminate inconsistencies in practice and recording that exist in some services. The broader approach to older people's services heralded by the new older people's strategy now need to be embedded across the organisation and lead to action and improved monitoring. The Council is working effectively with the PCT to address health inequalities, but areas resistant to improvement, such as the fear of crime needs to be continued in order to deliver more effective public reassurance. On transport, the Council does not have all the levers for improvement at its disposal, but given the dissatisfaction among residents it needs to ensure that its proposals for medium term solutions are forcibly progressed, including at governmental levels. Stockton has done well in narrowing the gaps across the borough in some key neighbourhood renewal areas, as well as against national averages, and needs to sustain this detailed work, particularly its efforts to reduce worklessness. The envisaged economic renaissance will require determined efforts to increase new business start-ups and skills development among Stockton residents. The Council should seek a better understanding of its own waste production and, given current initiatives to reduce its resource consumption, set realistic but challenging targets in this area.

Service inspections

- 50** No service inspections have been carried out by the Audit Commission during the year.
- 51** An important aspect of the role of the Relationship Manager is to work with other inspectorates and regulators who also review and report on the council's performance. Relationship Managers share information and seek to provide 'joined up' regulation to the Council. During the last year the Council has received the following assessments from other inspectorates.
- 52** The annual performance assessment of services for children and young people concluded that:
- Stockton on Tees Borough Council consistently delivers outstanding services for children and young people. As a result, an improving trend is being sustained and there are improved outcomes for children and young people. In an area that faces significant social and economic challenges, services are making a number of very significant contributions towards fulfilling Stockton's vision of 'no child left behind'. Strategies and actions are well targeted, particularly to address the needs of the most vulnerable. The quality of strategic thinking, high levels of reflection and analysis, and excellent use of management information are clearly evident throughout all documentation such as the children and young people's plan 2007-10 and the recent self-evaluation and review. In a letter to the council in March 2007, the Audit Commission recognised the improvement in children and young people's services, resulting in Stockton being the first council in the North East to be judged as excellent.
- 53** The Commission for Social Care Inspection (CSCI) in its annual letter gave the following ratings.

Areas for judgement	Grade awarded
Delivering Outcomes	Good
Improved health and emotional well-being	Good
Improved quality of life	Adequate
Making a positive contribution	Good
Increased choice and control	Good
Freedom from discrimination or harassment	Good
Economic well-being	Good
Maintaining personal dignity and respect	Good
Capacity to Improve (Combined judgement)	Promising
Leadership	
Commissioning and use of resources	
Star Rating	2 stars

- 54** The Benefits Fraud Inspectorate concluded that:

- The Council's most recent self assessment showed that it achieved a rating of excellent against 10 of the 13 performance measures scored by the Department and met 61 of the 65 enablers. This resulted in a performance standards score of excellent. The Council had further improved its performance in claims administration to achieve an overall excellent rating. The Council attributed much of its improvement to the implementation of a document management system during 2005/06. Security performance remained excellent, with interventions targets comfortably exceeded and an increase in counter fraud sanctions. The Council also improved its user focus performance, with all three performance measures achieving an excellent rating.

DRAFT

The audit of the accounts and value for money

- 55 As your appointed auditor I have reported separately to the Audit Committee on the issues arising from the 2006/07 audit and I have issued my:
- audit report, providing an unqualified opinion on your accounts;
 - conclusion on your vfm arrangements to say that these arrangements are adequate; and
 - report on the Best Value Performance Plan confirming that the Plan has been audited and published in accordance with the statutory requirements.

Accounts

- 56 The accounts were prepared to a high standard and supported by comprehensive working papers in electronic format with links to detailed information. This reduced the number of queries raised with officers.
- 57 Responses to the few queries raised were responded to promptly.
- 58 The accounts were accompanied by an explanatory report providing interpretation of the accounts and highlighting key issues for members.

Use of Resources

- 59 The findings are an important component of the CPA framework described above. In particular the Use of Resources score is derived from the audit assessments made 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).
- 60 For the purposes of the CPA I assessed the Council's arrangements for use of resources in these five areas as follows.

Table 2

Element	Assessment
Financial reporting	4 out of 4
Financial management	4 out of 4
Financial standing	4 out of 4
Internal control	4 out of 4
Value for money	4 out of 4
Overall assessment of the Audit Commission	4 out of 4

(Note: 1 = lowest, 4 = highest)

- 61 The Council is continuing to improve year on year and is performing strongly across all themes of the use of resources assessment. The Council has continued to develop and embed arrangements and is now one of only two Councils in the country who score at the highest level for all five themes.
- 62 The Council's performance in financial standing has improved. It has developed an integrated and closely aligned service and MTFP process, including consultation to prioritise issues with heads of service, finance, policy, key partners and members.
- 63 The Council's performance in internal control has improved. Risk management is now fully integrated into the service, policy making and financial planning processes of the Council. In addition, a range of scrutiny processes are undertaken to manage risk including reviews by individual teams, service groups, the corporate risk management group, project specific management teams, the corporate governance group, corporate management team and finally members.
- 64 The Council's performance in value for money has improved. The Council's band D council tax is at the median level with increases in council tax amongst the lowest nationally. 41% of local people believe that the Council provides good value for money placing Stockton second highest nationally. The Council also scores highly in terms of resident satisfaction with the Council and optimism about the area. 79% of the corporate basket of indicators have improved or maintained performance from 2005/06 to 2006/07. The number of BVPIs in the top quartile has increased from 58% to 63% in the same period.

Data quality

- 65 Arrangements for ensuring data quality overall are effective and some improvements have been made in the last year. Sound arrangements are in place for governance and leadership, policies, systems and processes, people and skills and data use and reporting.

- 66 The Council has formalised its arrangements to support data quality and made a clear commitment to 'right first time data'. Responsibility for data quality is assigned at both member and officer level.
- 67 Arrangements to monitor and review data quality are in place and involve input from across the organisation including corporate management team improvement clinics, service group management teams, internal audit and departmental performance teams.

National fraud initiative

- 68 The national fraud initiative is a computerised data matching exercise designed to identify overpayments to suppliers and benefit claimants and to detect fraud perpetrated on public bodies. The referrals from the current exercise were released to participating bodies in 2007, and the data matches are being investigated and followed up by Internal Audit.

Local risk work

- 69 During the year we undertake work in specific areas of the Council's activities. This is done to inform our overall use of resources and value for money assessments; and in response to audit risks identified locally or nationally. We assess progress through our regular liaison with officers, and in some areas we carry out specific reviews.
- 70 A key component of the Audit Commission's national strategy for improving the impact of local audit work and delivering strategic regulation is to carry out integrated reviews which cut across a number of public bodies and help improve the quality of life for local people. Work has been included in audit and inspection plans across Teesside and the North East for 2006/07 on two key cross cutting themes, tackling arson and health inequalities.

Partnership working across Teesside - tackling arson

- 71 The Commission published a report which indicated that partnership working across Teesside to tackle arson and deliberate fires is effective and has improved considerably over the last two or three years. The main agencies involved in this work are the fire authority, police and the four local councils and partners are all committed to working together. They share information and coordinate their actions well.
- 72 The key messages from the report are:
- With the fire authority taking the lead, the partners have made a real impact, achieving significant improvements in reducing the level of arson and deliberate fire setting.
 - The commitment of the partners to work together to tackle arson is clear and unambiguous.
 - Strategic planning arrangements are generally robust.

- Partnership working in practice is effective. There is good sharing of information and good communications. Action and resource deployment is based on detailed intelligence.
- Performance management is based on high quality performance information.
- There is room for further improvement, for example, in some elements of shared planning and in the clarity with which different roles and responsibilities are set out.

Health inequalities

- 73 Partnership working is helping to improve the North East's health outcomes but more needs to be done to close the gap between the North East and the rest of England. Life expectancy is lower, rates for sickness and disability are twice the national average, and smoking mortality rates are among the highest in England. There is also a high prevalence of obesity, increasing sexual health infection rates and serious alcohol and substance misuse issues.
- 74 Tackling health inequalities is a high priority for the Government, which has been increasingly encouraging health trusts to work in partnership with local public bodies and the voluntary sector to improve health and reduce inequalities through a number of initiatives, targets and legislation. The factors causing health inequalities are complex and can best be addressed through agencies working together.
- 75 The Audit Commission has reviewed how organisations across the North East are working together to address health inequalities, culminating in a workshop in October 2007 for 200 representatives from the NHS, local government and the many voluntary sector agencies involved in tackling health inequalities, where we identified seven key challenges:
- **Challenge 1:** Develop arrangements to evaluate projects and ensure continued funding of those that deliver tangible outcomes, and to embed this learning in project planning and performance management systems.
 - **Challenge 2:** Gather intelligence on where gaps in services exist and a profile of those accessing services. Target services at those areas and individuals where there is unmet need and develop strategies to target hard to reach groups.
 - **Challenge 3:** Ensure local area agreements contain a breadth of targets to reduce health inequalities, across all sectors and ensure health and wellbeing strategies are translated into local delivery plans that contain sufficient detail and local targets to monitor progress.
 - **Challenge 4:** Spread awareness of priorities and services on offer and provide networking opportunities and information sharing systems to improve the links between service planners and service providers. Cascade messages and targets to front line workers such as teachers, health professionals and social workers.

- **Challenge 5:** Use the Regional Health and Wellbeing Strategy to provide direction for the North East and link national, regional and local policies. Develop networking opportunities and support to share good practice to achieve the aim of transforming the North East into the healthiest region in the country within a generation.
- **Challenge 6:** Give community and voluntary sector organisations increased certainty over funding with agreed delivery targets and simplify commissioning arrangements to make it easier for them to bid for the provision of services.
- **Challenge 7:** systematically seek community views to influence how and where services are provided.

76 A report summarising the work to date was distributed widely to inform future development and improvement. We will be building on this work in the coming year, focussing in on specific areas, identifying good practice and helping to identify and overcome barriers to improving health outcomes in the North East.

DRAFT

Looking ahead

- 77 The public service inspectorates are currently developing a new performance assessment framework, the Comprehensive Area Assessment (CAA). CAA will provide the first holistic independent assessment of the prospects for local areas and the quality of life for people living there. It will put the experience of citizens, people who use services and local tax payers at the centre of the new local assessment framework, with a particular focus on the needs of those whose circumstances make them vulnerable. It will recognise the importance of effective local partnership working, the enhanced role of Sustainable Communities Strategies and Local Area Agreements and the importance of councils in leading and shaping the communities they serve.
- 78 CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate annual area risk assessment and reporting performance on the new national indicator set, together with a joint inspectorate annual direction of travel assessment and an annual use of resources assessment. The auditors' use of resources judgements will therefore continue, but their scope will be widened to cover issues such as commissioning and the sustainable use of resources.
- 79 The first results of our work on CAA will be published in the autumn of 2009. This will include the performance data from 2008/09, the first year of the new Local Area Agreements.

DRAFT

Closing remarks

- 80 This letter has been discussed and agreed with the Chief Executive and Corporate Director of Resources. A copy of the letter will be presented at the Audit Committee on 14 April 2008. Copies need to be provided all Council members.
- 81 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 3 Reports issued

Report	Date of issue
Audit and inspection plan	March 2006
Annual Governance Report	September 2007
Opinion on financial statements	September 2007
Value for money conclusion	September 2007
Final accounts memorandum	October 2007
Use of resources	February 2008
Corporate Assessment Report	April 2008
Annual audit and inspection letter	March 2008

- 82 The Council has taken a positive and constructive approach to audit and inspection work, and I wish to thank the Council's staff for their support and cooperation during the audit.

Availability of this letter

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

Steve Nicklin
District Auditor and **Relationship Manager**

March 2008