

Annual Audit and Inspection Letter

March 2007



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Lewes District Council

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As an independent watchdog, we provide important information on the quality of public services. As a driving force for improvement in those services, we provide practical recommendations and spread best practice. As an independent auditor, we ensure that public services are good value for money and that public money is properly spent.

Status of our reports

This report provides an overall summary of the Audit Commission's assessment of the Council, drawing on audit, inspection and performance assessment work and is prepared by your Relationship Manager.

In this report, the Commission summarises findings and conclusions from the statutory audit, which have previously been reported to you by your appointed auditor. Appointed auditors act separately from the Commission and, in meeting their statutory responsibilities, are required to exercise their professional judgement independently of the Commission (and the audited body). The findings and conclusions therefore remain those of the appointed auditor and should be considered within the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission.

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Our overall summary

- 1 This report provides an overall summary of the Audit Commission's assessment of the Council. It draws on the findings and conclusions from the audit of the Council and from any inspections that have been undertaken in the last year. The letter includes our review of how well the Council has progressed (our Direction of Travel report) and the auditor's assessment of how well the Council has managed its finances (the Use of Resources scores). These latter components will be an important feed into any future decision regarding the potential for a rescoring the Council's Comprehensive Performance Assessment (CPA) category.
- 2 The report is addressed to the Council, in particular it has been written for councillors, but is available as a public document for stakeholders, including members of the community served by the Council.
- 3 The main messages included in this report are as follows.
 - The Council has a positive direction of travel and continues to deliver improvements against its corporate priorities. For example, its approach to minimising waste. There are some key areas where more progress needs to be made to deliver consistent improvement. Examples include increasing its recycling rate; maintaining its current speed of processing housing benefit claims; its interactions with the public which are capable of electronic service delivery and the delivery of affordable housing completions or acquisitions.
 - The way it uses its resources was scored as 3 out of four. Its governance arrangements are strong, as is financial management and the delivery of value for money.

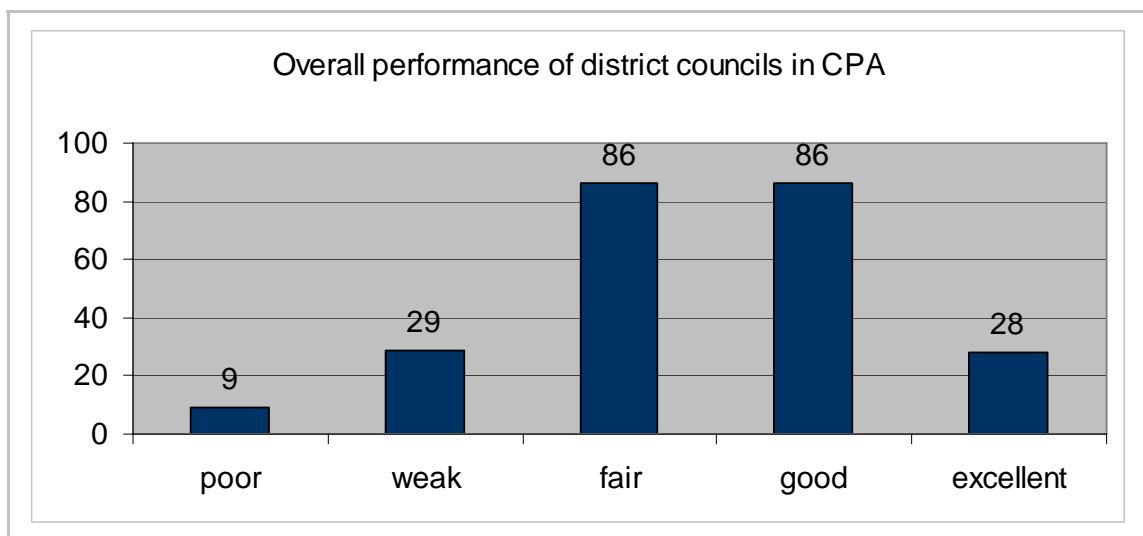
Action needed by the Council

- 4 The Council should:
 - continue to monitor its own performance and take action where it identifies that its performance is weaker than average; and
 - complete the remaining equality impact assessments for its services by July 2007 in accordance with its timetable, to demonstrate equity in service delivery across its communities.

How is Lewes District Council performing?

- 5 Lewes District Council was assessed as 'good' in the Comprehensive Performance Assessment carried out in 2003. These assessments have been completed in all district councils and we are now starting to update them in councils where there is evidence of change. The following chart is the latest position across all district councils.

Figure 1 Overall performance of district councils in CPA



Source: Audit Commission

The improvement since last year - our Direction of Travel report

- 6 The Council Plan identifies three key aims to deliver the Council ambition of 'to be recognised as a centre of excellence in environmental management and to make sustainable improvements in the quality of life of local communities'. Its key aims are: protecting and enhancing the quality of the environment; supporting and promoting a diverse and prosperous local economy; and supporting the housing, health and social needs of everyone in our communities. Within these three key aims, it has identified three medium term priorities for service improvement, based on what local people say is important to them. They are:
- improving waste management, recycling and street cleansing services;
 - working in partnership with Housing Associations to provide affordable housing; and

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- improving public access to services supported by information technology systems.

7 Progress on these key priorities is described in the following paragraphs.

Protecting and enhancing the quality of the environment

Waste collection, recycling and street cleaning

- 8 Progress against the Council Plan milestones for waste collection, recycling and street cleaning are reported every quarter and good progress is being made. Household waste reduction performance continues to exceed the top 25 per cent of councils in the country but the total level of waste (kg per head) did increase in 2005/06 by 2.9 per cent. This is in line with the national picture where waste levels across the country are increasing by between 2 and 3 per cent per year. Targets have been set to minimise future increases to less than 2 per cent.
- 9 Waste collection costs are slightly (2 per cent) higher than average for all district councils, due in part to the rural nature of the district. The Council has implemented measures to reduce costs and improve efficiency by introducing front of door collection, vehicle tracking technology, more efficient vehicles with greater payloads and joint procurement projects with a neighbouring council. Officers expect these elements to result in a real budget saving in 2006/07. The restructuring of waste collection rounds will be examined in 2007.
- 10 The Council continues to actively encourage participation in kerbside recycling and there continues to be an increase in recycling tonnage and the percentage of households served by a kerbside collection of recyclables. However its recycling rate for 2005/06 of 20 per cent compares with the lowest performing councils nationally and is far short of its DEFRA target of 27 per cent. This is despite continued improvement and efforts in engaging the public through campaigns and competitions for which the Council has achieved national recognition. This target is particularly challenging as the Council has decided not to collect green waste for central composting. This would otherwise make a significant contribution to the DEFRA target, but is regarded as less sustainable than the Council's preferred method of encouraging home composting even though this is not measured towards achieving the target. Meeting the DEFRA target is therefore dependent on a number of factors such as full participation in kerbside recycling, full implementation of glass recycling and continued funding for an extensive publicity campaign.
- 11 The Council is achieving and improving on performance indicators for street cleaning and the level of street litter is better than the national benchmark. The Council has set up a new clean and green team with additional resources for street cleaning. Litter hotspots are being targeted using improved data and this has led to more efficient and effective use of resources. The Clean Streets Projects in Newhaven and Seaford have resulted in cleaner streets and improved community satisfaction as demonstrated in the results of focus groups held with local residents.

Other areas

- 12 A number of initiatives have been completed in the year to improve and protect the parks, open spaces and nature reserves with the district. These include, the opening to the public of the Heart of Reeds project at Lewes Railway Land Nature Reserve; the completion of West Beach, Newhaven conservation project; the completion of conservation appraisals for six areas and the creation of new play areas for children.
- 13 Its performance in processing planning applications continues to be high, with a high number delegated to officers. This is cost efficient, ensuring that members can focus on the contentious and complex planning applications. It has maintained its opposition to the Falmer Stadium development proposals due to the potential impact on an area of outstanding natural beauty and also its opposition to a proposed incinerator at Newhaven for these and other grounds.

Supporting the housing, health and social needs of everyone in our communities

Affordable housing

- 14 The Council has made progress on delivering its targets for providing affordable housing. Its 2005/06 targets were exceeded and schemes for developing an additional 27 affordable homes have been completed. A further 28 homes are under course of construction with 80 more due to start on site within the next few months. It has also focused its efforts to ensure that vulnerable homeless families with children are not placed in bed and breakfast for more than six weeks from April 2004. The Council has exceeded its target with an average length of stay of less than one week.

Improving Public Access to services supported by Information Technology systems

- 15 The Council has made good progress in improving public access to services. There is an annual improvement plan in place to ensure buildings are accessible to disabled people – access improvements have been made to a number of buildings and areas of interest. For example the Castle Hill Nature Reserve has been made more accessible with the completion of a footpath which facilitates access for wheelchair users, buggies and those with mobility problems. As at 31 March 2006, 73 per cent (43 per cent 2004/05) of council buildings were accessible to disabled people.

- 16 The Council has continued to play an active part in the connecting communities' project through information sessions such as those for Black and Minority Ethnic people. Good use has been made of IT systems to improve access including an on-line payments system for council tax, on-line planning and licensing applications and two information kiosks in Newhaven and Newick will help local people reach on-line advice on health, travel, leisure, safety, employment, social issues, as well as information about council services. This followed a very successful pilot scheme where feedback from people demonstrated that increased access to information about council services is helpful and valuable. A partnership project in Seaford between the Police, Town Council, Citizen's Advice Bureau and Lewes District Council is soon to see the provision of a new 'one stop shop' combining services and information into one central location in the town. Performance indicators show an improvement in the percentage of interactions with the public which are capable of electronic service delivery, from 64 per cent to 90 per cent.

Housing benefits

- 17 Performance indicators for 2005/06 show deterioration in the average time to process new housing benefits claims and changes of circumstances. The accuracy of claims processed was low at 94 per cent compared with that achieved by the best performing councils (99 per cent). A review by the Benefit Fraud Inspectorate (BFI) during 2005/06 identified improvements to the processing of claims, a number of which have now been implemented as part of an ongoing action plan. This along with additional staff resource has resulted in an improvement in the average time for processing claims. The latest performance information shows a sustained improvement in processing times from February 2006 to date. The Council has moved from fair to good against the national Performance Standards Framework.

Other areas

- 18 The Council has reached level 1 against the Equality Standard for Local Government and is working towards level 2 in order to demonstrate equity in service delivery across its communities. It has completed six equality impact assessments, has three underway and three to commence. When all are completed it will reach level 2.

Supporting and promoting a diverse and prosperous local economy

- 19** The Council in partnership with the County Council has sought to improve employment opportunities in the area. The Council has worked with the French authorities, the current owners of the Newhaven Port and the ferry service operators based there to facilitate and influence the sale of Newhaven Port to the private sector. This sale could lead to new investment in port infrastructure and release land for development. Adjacent to the Port, land is allocated for a significant business park and efforts are being made to bring this forward for development. Construction of a Gateway Enterprise hub is now underway in Newhaven in partnership with SEEDA and it is planned to be completed by September 2007.
- 20** The Council has continued to promote tourism to attract visitors to the area. It revised its support of two art galleries and it introduced a new exhibition area at Newhaven Fort and promoted a revised programme of events to appeal to more people. The number of visits to the Fort exceeded its targets and the public rated the experience highly. For the first time, it held Soundwave festival attracting over 350 local people, complementing the longstanding Artwave Festival.

Financial management and value for money

- 21 As your appointed auditor I have reported separately to the Audit Committee on the issues arising from our 2005/06 audit and have provided:
- an unqualified opinion on your accounts;
 - a conclusion on your vfm arrangements to say that these arrangements are adequate as opposed to inadequate; and
 - a report on the Best Value Performance Plan confirming that the Plan has been audited.
- 22 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).
- 23 For the purposes of the CPA we have assessed the Council's arrangements for use of resources in these five areas as follows.

Table 1

Element	Assessment
Financial reporting	3 out of 4
Financial management	3 out of 4
Financial standing	3 out of 4
Internal control	4 out of 4
Value for money	3 out of 4
Overall assessment of the Audit Commission	3 out of 4

(Note: 1 = lowest, 4 = highest)

- 24 The key issues as reflected in the above judgements are summarised overleaf.

Financial reporting

- 25 The Council has maintained the good arrangements it has in place for financial reporting. It met the deadline of the 30 June for preparing its accounts, which was one month earlier than the previous year. The accounts were scrutinised by members at the audit committee and needed little revision in giving an unqualified opinion. The Council does not publish summary financial information or an annual report. It should consider consulting with stakeholders to determine if such information would be welcomed.

Financial management

- 26 Financial management is soundly based. The Council's financial projections are set out in the Medium Term Financial Strategy (MTFS) and are revised as part of the Council tax setting process. However, the projections in the MTFS document itself were not updated to reflect the out-turn for 2005/06. The figures were separately reported and taken into account in the budget setting process. Although it is clear that officers understand the current projection, it is important that public documents are refreshed on a timely basis.
- 27 Budget monitoring arrangements are well embedded and exceed the minimum requirements, but it should be noted that the Council has decided not to adopt a traffic light or similar monitoring system and budget monitoring reports are not fully accrued during the year. These are components of level 4 scores.
- 28 The arrangements for asset management have continued to be effective. The Council is taking action to reduce to the extent of backlog maintenance as part of its capital strategy and asset management plan. The 2007 criteria are also more stringent in this area, including the development of local performance indicators to evaluate the use of assets in relation to corporate objectives. This is currently not in place.

Financial standing

- 29 The Council continues to manage its spending within resources and has policies on the level and use of reserves. It takes action on debt recovery.

Internal control

- 30 The Council's internal control arrangements covering risk management, internal audit and probity have continued to meet best practise standards.

Value for money

- 31 Value for money is demonstrated overall in the delivery of services. Expenditure comparisons to similar authorities indicate that the Council's spending is generally average, although the cost of waste collection is above average. On a basket of performance indicators used by the Audit Commission to compare councils' relative and absolute performance, 63 per cent of Lewes' performance indicators (PIs) improved in 2005/06. The extent of improvement is above average for all district councils. Some 34 per cent of the PIs record performance amongst the best achieved by all district councils in the country (this is better than the average for other councils with a good CPA rating). There are a number of areas that are directly linked to the Council's priorities where current performance is comparatively weak (below average). These are highlighted in the direction of travel statement. In all of these areas, the direction of travel is positive with improving performance.
- 32 The Council continues to improve its capacity for delivering and monitoring service delivery. Sickness absence is showing a steady and downward trend and the staff training and focus on performance management is increasing the ability of staff to identify and respond to changes in performance. There has been an increase in the baseline investment for improving the waste collection and street cleaning service of £200k. This is part of the Council's Sustainable Waste Strategy which has been approved until 2010/11. Since the CPA inspection in 2003/04 there has been additional part-time resource in the audit and performance team which has improved capacity to monitor programmes and targets so that timely action can be taken. Spending is constantly challenged through the Council's efficiency agenda which has to date exceeded the national target set for achieving efficiency gains at the Council. Efficiencies have been generated through a combination of more effective procurement and service reviews to reduce costs while continuing to maintain service outputs.
- 33 The Council continues to strengthen its performance management arrangements. For example through ongoing training for staff on project management, service planning, target setting and performance monitoring. Guidance and training has also been provided to Councillors. Performance reports to Cabinet are clear and are focused on action as opposed to just monitoring the current position. This has also been supported by effective scrutiny arrangements which have actively involved councillors in addressing performance issues, for example in benefits administration.

Conclusion

- 34 This letter has been discussed and agreed with the Council leader and senior officers. A copy of the letter will be presented at the Audit Committee on 27 June 2007.
- 35 The Council has taken a positive and constructive approach to our audit and inspection and I would like to take this opportunity to express my appreciation for its continued assistance and co-operation.

Availability of this letter

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

Darren Wells
Relationship Manager

March 2007