

Annual Audit and Inspection Letter

London Borough of Enfield

Audit 2007/08

March 2009



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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.
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Key messages

- 1 This letter 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
 - an analysis of the Council's performance and its improvement over the last year, as measured through the comprehensive performance assessment (CPA) framework.
- 2 The letter's main messages are:
 - the Council is improving well and is assessed as a four-star authority under the CPA framework;
 - improvements have been delivered in priority areas such as educational attainment, tackling crime and dealing with fly tipping;
 - the Council continues to identify and meet the needs of its diverse communities;
 - outcomes have improved in adult social care and remain good for children and young people;
 - the Council continues to improve its performance management;
 - the Council received an unqualified opinion on its 2007/08 financial statements; and
 - the Council received an unqualified conclusion on its arrangements for securing value for money during 2007/08.

Action needed by the Council

- 3 The Council now needs to:
 - maintain its focus on improving and aligning costs and performance;
 - ensure that arrangements are established on a timely basis to maintain the operation of leisure services beyond the current contract expiry date;
 - continue to focus on improving the refuse and recycling service;
 - work effectively with public sector partners to tackle the current level of teenage pregnancies in the area; and
 - ensure required improvements in the arrangements for asset management and Internal Audit are delivered.

Purpose, responsibilities and scope

- 4 This letter provides an overall summary of the Audit Commission's assessment of the Council. It draws on the most recent CPA, the findings and conclusions from the audit of the Council for 2007/08 and from inspections undertaken since the last Annual Audit and Inspection Letter.
- 5 This letter is addressed 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. Recommendations have been made to assist the Council in meeting its responsibilities.
- 6 This letter also communicates significant audit and inspection issues to key external stakeholders, including members of the public.
- 7 Your appointed auditor - Grant Thornton from 2008/09 - 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; and
 - whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion).
- 8 The Comprehensive Area Assessment Lead (CAAL) is responsible for reporting inspection work carried out in accordance with the Audit Commission's duty under section 13 of the 1999 Act. This work includes the latest assessment on the Council's performance under the CPA framework, including the 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.
- 9 The reports issued to the Council relating to 2007/08 audit and inspection work are listed at the end of this letter.

How is the Council performing?

10 The Audit Commission’s overall judgement is that the Council is improving well and the Council has been classified as four stars in its current level of performance under the CPA. These assessments have been completed in all single tier and county councils with the following results.

Figure 1 Overall performance of upper-tier authorities in CPA



Source: Audit Commission (percentage figures may not add up to 100 per cent due to rounding)

Our overall assessment - the CPA scorecard

Table 1 CPA scorecard

Element	Assessment 2008	Assessment 2007
Direction of Travel judgement	Improving well	Improving well
Overall	4 stars	3 stars
Corporate assessment/capacity to improve	3 out of 4	3 out of 4
Current performance		
Children and young people*	3 out of 4	3 out of 4
Social care (adults)*	3 out of 4	2 out of 4
Use of resources*	3 out of 4	3 out of 4
Housing	4 out of 4	4 out of 4
Environment	3 out of 4	3 out of 4
Culture	3 out of 4	3 out of 4
Benefits	4 out of 4	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

11 The Council is improving well. The Council has delivered good improvements in priority areas such as educational attainment, tackling crime and dealing with fly tipping. Performance indicators have improved above the national average. Overall resident satisfaction has increased. The Council continues to identify and meet the needs of its diverse communities. Outcomes have improved in adult social care and remain good for children and young people. However, some services such as recycling and refuse collection need further improvement. The Council is working well with partners with a positive impact on some community outcomes such as job creation and fear of crime. However, challenges remain in addressing teenage pregnancies. The Council continues to make good use of its resources and deliver good value for money. It has worked well to further develop its performance management. It has maintained its focus on corporate priorities and continues to develop plans to address the needs of its communities. It has invested in its capacity by recruiting to senior positions. The Council is well placed to continue to deliver improvements for the local area.

How is the Council performing?

- 12 The Council is improving well. Sixty-five per cent of Performance Indicators (PIs) improved in the past 12 months which is above the national average. Seventy-six per cent of PIs improved during the past three years which is also above the national average. Twenty-five per cent of the Council's PIs were in best quartile compared with the average for councils of 30 per cent.
- 13 The Council is making good progress in delivering its key priorities including:
 - raising educational attainment for BME pupils;
 - through the Improving Schools Programme, the Council has 14 per cent of schools judged as outstanding, with all special schools judged as good or outstanding by Ofsted; and
 - dealing with fly tipping.
- 14 Improving street cleaning and tackling litter remains a key priority for the Council. A comprehensive review of refuse, recycling and street cleansing is taking place to generate new working practices to deliver service performance improvement. Wheelie bins are to be rolled out across the borough to houses with the aim of contributing to improved recycling rates and further reductions in litter.
- 15 Educational attainment has improved, although attainment at Key Stages 2 and 3 is generally below that of similar councils and the national average. There is still variability in performance in schools across the area and despite the overall downward trend, the proportion of young people who are not in education, employment or training is higher than those in similar councils.
- 16 Overall crime is reducing. Enfield is now the 11th safest London borough, based on crime per 1,000 residents. Further, there has been a 20.7 per cent drop in violence against the person in 2007/08. Forty-three per cent of residents perceive anti social behaviour as a problem in their local area as compared to 52 per cent in 2005. The Youth Offending Service has been judged as making positive progress in the last year and the Management Board is fit for purpose.
- 17 The Council is contributing to wider community outcomes through improvements in addressing worklessness, one of its major priorities. The Council has secured additional funding of £1.2 million for 2009/10 and £1.6 million for 2010/11 to deal with the worklessness issues in the borough. In the past year, working with its partners the Council has helped create over 300 jobs. The Job Brokerage scheme involving the Council, Job Centre Plus and the Learning and Skills Council, has helped 550 people. The team has recently moved to premises in Edmonton Green shopping centre to make it easier for local people to apply for jobs, particularly 500 at the new ASDA store.
- 18 Tackling teenage pregnancies remains a challenge, with an increase of 18.6 per cent in the rate of teenage conceptions against a target of a 50 per cent reduction. Working with the PCT, the Council has targeted actions to deal with this challenge and has also engaged with the National Support Team for Teenage Pregnancy.

- 19 The Council continues to perform well in meeting the needs of its diverse communities and uses its good understanding of local needs to inform service planning and delivery. Extended office opening hours and the introduction of freephone across Enfield Homes has resulted in improved customer satisfaction. However, the provision of affordable housing remains a challenge, despite leveraging in £24.8m of Government funding.
- 20 The Council has improved its managerial capacity through a number of recent appointments including the Deputy Chief Executive, Director of Finance and Corporate Resources, Assistant Director of Finance, Director of Corporate Improvement and Assistant Director of Corporate Governance. The Council has also improved its workforce development programme.
- 21 The Council has embarked on an ambitious transformation programme. Its recently published Place Shaping Strategy brings together many of the existing priorities and strategies of the Council and its partners. The development of the strategy is designed to ensure that resources and energy are focused on the things that will make the biggest difference to Enfield's communities and the people who want to invest in them.

Service inspections

- 22 There have been no Audit Commission inspections during the last year.
- 23 An important aspect of the role of the CAAL is to work with other inspectorates and regulators who also review and report on the Council's performance. CAALs share information and seek to provide 'joined up' regulation to the Council. During the last year, the Council has received the following inspectorate assessments.
 - An annual performance assessment of children's services.
 - An annual performance assessment of adult social care services.
 - An annual performance assessment of the benefits service.
- 24 A summary of the overall judgements for each assessment are detailed in the paragraphs that follow.
- 25 The annual performance assessment of the Council's services for children and young people judged their overall effectiveness at a grade 3 (out of a possible 4). The assessment found that the Council consistently delivers services well above minimum requirements for its children and young people. The Council's contribution to improving outcomes in the areas of staying safe and making a positive contribution were 'excellent' and 'good' for being healthy, enjoying and achieving and achieving economic wellbeing. The council had 'excellent' capacity to improve its services for children and young people, and its management of these services is 'excellent'. The full assessment can be accessed via the inspectorate's website at www.ofsted.gov.uk.
- 26 The Commission for Social Care Inspection's annual performance assessment of adult social care services judged there to be 'good' delivery of outcomes, with 'promising' capacity to improve services. The service improved in its overall star rating from 1 to 2 (out of a possible three stars). The full assessment can be accessed via the inspectorate's website, www.csci.gov.uk.

How is the Council performing?

- 27 The assessment of the benefits service concluded that the Council achieved a rating of 4 (out of a possible 4). The full assessment can be accessed via the inspectorate's website, www.audit-commission.gov.uk.

The audit of the accounts and value for money

- 28** Your appointed auditor presented his Annual Governance Report to the Council's Audit Committee in September 2008, highlighting:
- unqualified opinions on your accounts and those of the pension fund for the year ended 31 March 2008; and
 - an unqualified conclusion on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2008.
- 29** Your appointed auditor has also issued closing certificates on his audits for 2004/05 and 2005/06. The accounts for the years 2006/07 and 2007/08 remain open pending the consideration of outstanding correspondence concerning the Green Belt. Your external auditor is currently undertaking a review of the Council's arrangements in this area.

Use of Resources

- 30** The Use of Resources score is a component of the CPA framework, and is derived from assessments made by the auditor across the following five themes.
- Financial reporting (including the preparation of the accounts of the Council and the way these are presented to the public).
 - Financial management (including how 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).
- 31** For the purposes of the CPA, the Council's arrangements for use of resources have been assessed in these five areas as follows.

Table 2

Element	Assessment 2008 (out of 4)	Assessment 2007 (out of 4)
Financial reporting	3	3
Financial management	3	3
Financial standing	3	3
Internal control	3	3
Value for money	3	3
Overall assessment of the Audit Commission	3	3

Note: 1 = lowest, 4 = highest

- 32 The key issues arising from this work are highlighted in the use of resources auditor judgements report. The Council continues to perform well. Whilst the Council has demonstrated improved arrangements and notable practice in respect of financial management, particularly its arrangements for grants to voluntary organisations, the Council needs to ensure changes to its arrangements for asset management and Internal Audit deliver required improvements.
- 33 The slowdown in the national economy is beginning to be reflected locally. The Council will need to retain its focus on strong financial management, in the context of its ongoing review of its reserves policy, to facilitate its response and to manage any threats to its financial position. The Council will also need to enhance its focus on its risk management arrangements, and those of its major partners, in response.
- 34 The Council should also maintain focus on improving its understanding of its costs and their relationship with the Council's priorities and service performance, and in particular on ensuring that costs are commensurate with performance levels.

Data quality

- 35 Your appointed auditor reviewed the Council's management arrangements for securing data quality. Whilst the Council's overall arrangements were found to be adequate, testing of a risk-based sample of performance indicators identified errors in the compilation of the indicator recording the speed of processing changes to HB/CTB claims. As a result, a reservation was issued on that indicator.

Leisure

- 36** The Council's leisure services are operated by Enfield Leisure Trust, which entered into administration in 2006. The Audit and Inspection Plan recognised that these circumstances presented a risk to the Council in delivering leisure services for both the short and medium-to-longer term. Your appointed auditor has therefore reviewed the Council's arrangements for managing current delivery and planning for the longer-term provision of leisure services and reported the key findings in the Annual Governance Report to Audit Committee in September 2008.
- 37** Whilst arrangements are in place in the immediate short term up to the date of expiry of the original contract with the Leisure Trust, arrangements have yet to be approved for the future operation of the services. The Council needs to ensure that arrangements are established on a timely basis to maintain the operation of services beyond the current contract expiry date.

Procurement

- 38** A survey of key Council staff has been undertaken to assess officers' understanding of the Council's new procurement processes and identify areas for the Council to focus additional training and support. A range of improvement opportunities have been identified from this work which management is considering.

Grant claims

- 39** Our last letter referred to weaknesses in the Council's arrangements for the preparation of its housing benefit claims and the resulting higher than expected audit fees. Since our last letter, all outstanding queries from the DWP in respect of claims between 2004/05 and 2005/06 have been responded to. The Council is now awaiting settlement of those claims, although it continues to be exposed to the risk of loss of subsidy entitlement. Whilst there have been improvements in responses to audit queries as part of 2007/08 certification work, officers will need to work with Grant Thornton to deliver further improvements in future years.

Looking ahead

- 40 The public service inspectorates have developed 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.
- 41 CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate area assessment and reporting performance on the new national indicator set, together with an organisational assessment which will combine the external auditor's assessment of value for money in the use of resources with a joint inspectorate assessment of service performance.
- 42 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 National Indicator Set and key aspects of each area's Local Area Agreement.

Closing remarks

- 43 This letter has been discussed and agreed with the Leader, Chief Executive and Director of Finance and Corporate Resources. A copy of the letter will be presented to the Audit Committee on 24 March 2009 and the Executive on 25 March 2009. The Council should arrange to provide copies to all Council members.
- 44 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	May 2007
Annual Governance Report	September 2008
Opinion on financial statements	September 2008
Value for money conclusion	September 2008
Leisure management	October 2008
Final accounts memorandum	January 2009
Data quality report	January 2009
Procurement	February 2009
Use of Resources report	March 2009

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

Availability of this letter

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

Jackie Barry-Purssell
Comprehensive Area Assessment Lead

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.

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