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Bridgend County Borough Council Report by the Auditor General for Wales Preliminary Corporate Assessment – June 2010



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Image courtesy of Bridgend County Borough Council.

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Summary

- 1 The Auditor General is required by the Local Government (Wales) Measure (2009) (the Measure) to undertake an annual Improvement Assessment for each improvement authority in Wales, that is local councils, national parks and fire and rescue authorities.
- 2 In order to fulfil this requirement the Wales Audit Office will undertake:
 - a Corporate Assessment – an assessment of an authority’s arrangements to secure continuous improvement; and
 - a Performance Assessment – an assessment of whether an authority has achieved its planned improvements.
- 3 The approach is designed to enable a whole organisation assessment at each council to be undertaken in a standardised way. Taken together these two assessments will form the basis of an annual report to citizens, known as the Annual Improvement Report.
- 4 The Auditor General has brought together her work, that of the Appointed Auditor, and that of other relevant regulators, to inform the Corporate Assessment. As this is the first year of a new approach the assessment is a preliminary one and this report should be viewed as a progress report. The Annual Improvement Report will also serve as an update for the Corporate Assessment.
- 5 In March 2010, the Auditor General identified the scale of the financial challenge facing public services in Wales in a report to the National Assembly ‘A Picture of Public Services.’ The potential impact of spending reductions on local government has also been highlighted by the WLGA, CIPFA and SOLACE. In evidence to National Assembly for Wales Public Accounts Committee in June 2010, the WLGA noted, ‘there is no escaping the fact that all parts of the public sector will have to examine current expenditure and service provision – the shortfall cannot be solved by efficiencies alone’. To meet this challenge, local authorities must fundamentally review the services they provide and how they are delivered, including considering options for increasing procuring rather than providing services and working in collaboration. It is in this context that the corporate assessment has been prepared.
- 6 This report sets out the findings of the Corporate Assessment only and is designed to answer the question: ‘Are the Council’s arrangements likely to secure continuous improvement?’
- 7 As this is our Preliminary Corporate Assessment, there are several areas where only limited work has been possible. We will continue to build on this and monitor progress in coming months to provide an update in our Annual Improvement Report to be issued in November.



8 The conclusion arising from our first Corporate Assessment is that the Council has strengthened its corporate arrangements and delivered a number of improvements but there are still areas that need further development if future improvement is to be secured.

9 We based our conclusion on our assessment of the Council's progress over time and an analysis of the strengths and weaknesses of its arrangements to support improvement. These conclusions are explained in detail in Part 1 and Part 2 of the report respectively. We found that:

whilst the Council has addressed a number of weaknesses in its corporate arrangements a robust approach to business planning will be crucial to securing future improvements; and

- effective leadership, partnership working, business processes and some aspects of people management are supporting improvement but the arrangements for performance management and workforce planning may compromise future improvement.

Special inspection

10 Based on the Corporate Assessment the Auditor General does not intend to carry out a Special Inspection of the Council under section 21 of the Measure or to recommend that Welsh Ministers should provide assistance to the Council by exercising their power under section 28 of the Measure or give a direction under section 29 of the Measure.

Areas for Improvement

11 The Auditor General has not made formal recommendations for improvement for the Council under section 19 of the Measure but proposals for action are suggested below.

Exhibit 1: Areas for Improvement

- | | |
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| P1 | The Council should finalise its business planning arrangements over the coming months based around a Medium Term Financial Strategy |
| P2 | To eliminate inconsistencies between property information and finance data, the Council should implement a new fixed asset data storage system. |
| P3 | The Council should develop outcome measures for partnership working. |
| P4 | The Council should ensure that the staff performance appraisal process is consistently applied across the Council as a means of embedding performance management into everyday management. |
| P5 | The Council needs to develop its approach to workforce planning. |
| P6 | The Council should review the Internal Audit programme and Scrutiny Committee forward work programmes to satisfy itself that most significant risks to the Council are being reviewed. |

Part 1: How the Council has approached improvement over time

Whilst the Council has addressed a number of weaknesses in its corporate arrangements a robust approach to business planning will be crucial to securing future improvements

Previously, actions such as stock transfer were forward looking and innovative, but weaknesses in corporate arrangements contributed to long-term deterioration in areas such as Children's Services

- 12** The Council has improved its corporate arrangements to the point where they are generally fit for purpose and support improvement. This improvement is the product of considerable effort and a consistent focus on tackling some long standing issues.
- 13** The Council was a ground breaker when it became the first in Wales to transfer its housing stock. The stock was transferred to Valleys to Coast Housing Association in September 2003. The Council was also forward looking and innovative in its outsourcing of refuse collection in 2003 that resulted in securing an improved service at lower cost.
- 14** While there were notable successes there were also some significant failures particularly in Children's Services which was subject to long running intervention between 2005 and 2009. The failings in Children's Services and the length of time that intervention was in place were to some extent a reflection of weaknesses in corporate arrangements.
- 15** There have been significant changes in political and managerial leadership since 2004. Prior to 2004 the the Administration was formed by Labour. It was replaced in 2004 by the Rainbow Alliance who were in power until 2008 when the Labour Group regained control. The Corporate Management Team (CMT) is relatively new and the Chief Executive was appointed in 2007. On 25 September 2009 the Appointed Auditor issued an unqualified auditor's report on the Financial Statements, confirming that they were prepared to a high standard and in accordance with statutory requirements and presented fairly the financial position and transactions of the Council.
- 16** Our last Annual Letter issued in January 2010 recognised that sustaining improvement will require difficult choices on where to focus available resources.



Political and managerial leaders have worked constructively together to tackle some long standing issues and deliver improvement

- 17** There are good working relationships between officers and members at a senior level. Members have confidence in the ability of senior officers to offer solutions and provide full information to inform their decision making.
- 18** These positive relationships ensure that joint working between cabinet members and the CMT is both constructive and productive. The joint working is enhanced by the regular use of informal briefings and other arrangements made between cabinet members and CMT.
- 19** The Council has improved its corporate arrangements to the point where they are generally fit for purpose and support improvement. This improvement is the product of considerable effort and a consistent focus on tackling some long standing issues through a programme to modernise and transform service delivery and the way the Council works. Examples of issues that have been tackled include a review of corporate processes that has led to sounder practice, better corporate working and greater consistency in areas such as risk assessment and asset management.
- 20** While there has undoubtedly been improvement there are still areas that the Council needs to monitor closely. While Education performs at the expected level, there is still a need to strengthen and support the performance of the children's safeguarding teams and the corporate efficiency agenda has been moving slowly.

A forward looking approach to business planning is currently being developed

- 21** The Council is to be congratulated on the progress it has made but there are still major challenges ahead. The Council is entering a period when it will be faced with severe spending cuts and the need to make tough and timely decisions on the use of resources.
- 22** A history of prudent financial management allied to the improvements that have already been made mean that while future challenges are not to be underestimated, the Council is now better placed to meet these challenges and secure future improvement.
- 23** The pace of change has been sufficient to date but will need to increase in the future. In particular the Council will need to make a greater number of difficult decisions and these decisions will need to be taken more quickly. These changes will test the political consensus that currently exists.
- 24** The Council is now beginning the transition from implementing its Transformation Programme to a concentration on speeding up the efficiency agenda. This transition is supported by the Chief Executive taking a lead role in driving forward both the efficiency agenda and the emerging integrated corporate business plan.

Part 2: Analysis of the Council's arrangements to help it improve

Effective leadership, partnership working, business processes and some aspects of people management are supporting improvement but the arrangements for performance management and workforce planning may compromise future improvement

Effective leadership and governance has resulted in coherent top level policies and strategies

25 The Council is politically stable, and mature. The overall approach to politics is characterised by an absence of political point scoring beyond the airing of genuine ideological differences. There is willingness on the part of the current administration to acknowledge and build upon the progress achieved under the previous administration.

26 Scrutiny committees are chaired by opposition members and provide constructive challenge rather than negative criticism. The scrutiny function is well resourced in terms of officer support and has some research capacity to assist it in its pre-decision role. There is a good balance of challenge at Audit Committee meetings.

27 The administration has clear political priorities and the CMT is providing effective leadership in delivering these priorities. While there are the inevitable competing priorities between directorates there is corporate unity once decisions have been made.

28 The Council has taken a lead role in the development of the Community Strategy and the Council's leadership is positively engaged with the Local Service Board (LSB). The Council has a strong sense of community leadership and a commitment to working together with partners to meet the needs of the community.

29 There is a very clear line of sight from the Community Strategy and political priorities to service level business plans. However there remains some uncertainty over how the plans will be achieved, what the outcomes will look like and how they will be resourced.

Developments in citizen engagement, aspects of people management, and some business processes are positively supporting improvement

Citizen engagement

30 The Council has a positive approach to citizen engagement. The Council has a well-established and responsive citizen panel. Wider engagement is undertaken through the distribution of a householder's bulletin although response rates from this approach have traditionally been poor.



31 The Council links with voluntary sector forums for older people and disability groups and has access to information from consultations undertaken by partners such as the police. The Council also has a section of its website for public consultation. The Council is keen to share the outcomes of consultation and holds road shows to feedback outcomes.

32 The LSB is making citizen engagement a priority. They are looking to develop a revised strategy that brings together engagement and consultation across the partnership, to avoid duplication and to share the consultation messages among the partners.

People management

33 The centralisation of the Human Resources (HR) service has brought about a much needed change in the way HR policies and procedures are applied across the Council. This change has resulted in a more consistent approach to dealing with people management issues supported by a leaner and more focussed HR service.

34 The restructuring and objectives of the HR service are also facilitating a cultural change in the expectations of managers and the level of support from the HR service. That is, the HR service providing advice and support to services in order for managers to manage. However, not all managers are comfortable with this change.

35 Sickness absence rates have improved significantly through the implementation of a clear sickness absence policy, additional administrative support for recording and reporting sickness rates in some services, and robust monitoring by senior managers, members and HR.

36 Some Trade Union representatives have expressed concern with the way that sickness absence is managed across services. Although the unions accept the policy, not all are happy with the way the policy is being implemented by managers and HR.

Business processes

37 The Council developed a new Asset Management Plan in 2009 and is reviewing its fixed asset base in line with its workforce planning and MTFs. For example, the Council has bought a property in the centre of Bridgend (Raven's Court) that will better fit the needs of the Council, and allow them to vacate other leased buildings. This will bring certain services into a closer working environment with the potential for securing improvements in both costs and working practices.

38 The Council has developed a successful approach to risk management built upon the principles set out in the Joint Risk Assessment supported by the Wales Audit Office. There is a comprehensive framework in place for monitoring risks, including the Quarterly Business Review and active involvement of the Corporate Management Board. The Council is also developing a more direct correlation between strategic risk and the Internal Audit programme.

39 The Council is making progress in terms of identifying and monitoring risk, with policies and processes supporting improvement. Many of the risks to continuous improvement that are identified are related to funding going forward, which is where key decisions will be required. Responsibilities for controlling risk at a service and directorate level are well defined, but could be better defined at the corporate level.

- 40 The Council has improved its programme and project management arrangements. It established a Centre of Excellence to develop a tool kit and provide training, mentoring, support and quality assurance. In addition, the Council has established network groups to share learning.
- 41 The aim is to put programme and project management on a sustainable footing with knowledge and skills throughout the organisation supported by a small group of expert programme/project managers. The approach taken by the Council has significantly strengthened programme and project management and we consider this an example of good practice.
- 42 The ICT governance arrangements are clear and effective. The ICT Strategy is linked to business drivers and all key stakeholders were involved in its development. The use of SOCTIM Key Performance Indicators support performance management within IT and provide national comparator information for the Council.
- 44 Bridgend is a strong LSB with its own shared identity and logo. The LSB is developing a focus on solving problems rather than debating them. Its approach is becoming much more outcome focussed and the recent introduction of an LSB scrutiny panel is a positive step.
- 45 Examples of partnership working that have benefitted the community include GP referrals for physical activity based on leisure centre sessions funded by the Council, the jointly funded ARC mental health resource and Studio 34. Low rates of delayed transfers of care are another example of the benefits of partnership working. The Council has been able to engage with the private sector and most residential and nursing home care is provided by this sector.
- 46 Through its positive approach to partnership working the Council is hoping to identify future opportunities for joint working that will deliver improved services and savings. However, the Council needs to become far better at identifying the outcomes it is seeking from partnership working. The LSB has already become more outcome focused and the Council needs to build upon this experience and extend it to other areas of partnership working.

The Council has a positive culture of partnership working for the benefit of the community and whilst it has begun to look at the potential for partnerships to deliver savings, this is not underpinned by a mechanism to evaluate outcomes

- 43 The Council recognises the value of partnership working and has a history of working closely with outside bodies. Working relationships with the police were seen as effective but are much stronger now and working arrangements with health partners have always been positive.



The Council needs to further strengthen business planning, performance management and workforce planning to secure future improvement

- 47** The Council's MTFS assesses the potential financial shortfall but does not set out the way in which the shortfall will be managed. Plans are, however, being developed for the medium and longer term that take appropriate account of the financial resources likely to be available. These plans will be directly linked to service priorities, and will be based on an assessment of actual costs of delivering existing activities, and estimates for new activities.
- 48** The process by which the Council is going to create an MTFS has been approved by cabinet. It has links to the Efficiency and Innovation strategy and describes how the Council is going to implement stated savings.
- 49** The Council intends that the MTFS will have strong links to strategic objectives and allow resources to be directed towards improvement priorities. It has the potential to act as an integrated business plan that brings together various strands such as the corporate plan, business plans, service plans and budgets.
- 50** The Council is moving in the right direction in terms of its medium and long term financial plan, but there is a significant amount of work still to be done if the Council is to meet its improvement priorities within its financial budgets. The completion of an integrated business plan is integral to the Council's prospects for achieving future improvement.
- 51** The Council's performance management process has improved and this improvement has been recognised in successive Annual Audit Letters. The Council has a well-developed model for producing performance information. A dedicated team supports the directorates and undertakes performance analysis. The Performance Team develop statistical summaries showing trend and performance against targets. Directors and Heads of Service present these summary reports at the Quarterly Business Review meetings for discussion and challenge.
- 52** While the process has improved, further development is required to support future improvement. The Council needs to move towards identifying the outcomes it is trying to achieve as a basis for measuring performance to complement the monitoring of performance indicators and activity.
- 53** A move towards outcome based measurement will help the Council in the next phase of development which is to move from effective measuring and monitoring of performance towards more active management of performance. Managers have to recognise that performance management is about managing people as well as the necessary collection of information. The inconsistent implementation of the staff appraisal process in 2009-10 suggests the Council still has some way to go before performance management is embedded into everyday management.

- 54** There is no overall workforce plan in place currently but the Council has produced draft proposals to manage the impact of future settlement reductions. This is in its first stages as a corporate programme. Some directorates have detailed plans but others have little that has been documented. Messages around a culture of continuous improvement are being cascaded to staff, but there is room for further development. Staff objectives are starting to be linked to development priorities in staff plans and appraisals, but this is not routine.
- 55** As part of HR's role in supporting organisational development, advice and guidance is being provided to services undertaking workforce remodelling. But there are likely to be capacity issues within the HR service if more services require this type of support.
- 56** There is an increased focus on job evaluation and a new pay and grading model is expected to be in place by June 2011. However, there is a long way to go to fully implement the new system and any delays after that deadline will increase the risk of damaging employee and trade union relations.

