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# Wrexham County Borough Council Report by the Auditor General for Wales Preliminary Corporate Assessment – August 2010



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Image courtesy of Wrexham County Borough Council.

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**Wrexham County Borough Council has developed a clearer focus on priorities and some aspects of its arrangements support improvement while others provide only partial support.**

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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 Welsh Local Government Association (WLGA), Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE). In evidence to National Assembly 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 the 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 developed a clearer focus on priorities and some aspects of its arrangements support improvement while others provide only partial support.

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:

- following a period of steady performance but limited ambition the Council has a clearer focus on priorities for improvement and has started to put some arrangements in place to support this agenda; and
- the Council has a greater focus on improvement, a clear policy framework, sound financial position and a newly established transformation programme, but some areas for development remain.

## 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.

## Recommendations

11 The Auditor General has not made formal recommendations for improvement for the Council under section 19 of the Measure nor recommended 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

12 The assessment has identified the following areas where we propose the Council considers taking action.

### Exhibit 1: Areas for improvement

A1	Further develop appropriate outcome measures for objectives.
A2	Ensure Executive Board member and scrutiny roles support effective decision making and enable scrutiny to focus on priority issues.
A3	Develop corporate workforce planning.
A4	Improve the Medium Term Financial Strategy so that resources are increasingly linked to priorities.
A5	Continue to improve business processes by streamlining arrangements to ensure they support effective management, monitoring and scrutiny.

## Part 1: How the Council has approached improvement over time

### Following a period of steady performance but limited ambition the Council has a clearer focus on priorities for improvement and has started to put some arrangements in place to support this agenda

In the early part of the last decade, the Council maintained steady performance but lacked ambition

- 13** The Council was created following the break-up of Clwyd County Council in 1996, and began with a Labour Leadership, which changed following the election in 2000 to a coalition of Labour and Radicals. The Council remained stable and successfully consolidated the new organisation. There was strong managerial leadership, with limited political direction in decision-making, and Members of the Executive Board were not Portfolio Holders.
- 14** In May 2003, a new Chief Executive took up post, and she embarked on a programme of managerial change that saw six service-related director posts become four strategic and performance director posts, and, in 2009, three posts. Between 2004 and 2009, the new directors did not have direct responsibility for service delivery, as this responsibility was devolved to

Chief Officers. The 2005 Wales Audit Office Improvement Journey reported that “while there are clearly areas that have seen significant improvement, the overall tendency latterly has been for the Council to slip towards becoming a coasting authority, rather than an authority striving to improve. Transforming the Council from a coasting to striving will require a cultural change and this is the greatest challenge facing the Council”.

**In recent years the Council has developed a clearer focus on priorities and improvement, and has put some building blocks in place to help achieve its priorities**

- 15** The Council responded positively and the 2007-08 Annual Audit Letter noted that there was improvement in many areas including education and social care. It also noted there was potential for further improvement in partnership arrangements and in how the Council responded to recommendations from its external regulators.
- 16** The Liberal Democrat/Independent Alliance became the largest party following elections in May 2008 with the Executive Board having a balanced membership from seven political parties and groups. Through a planning process that spanned 10 months in 2008, the Council identified three priority areas where they want to achieve significant change over the next three years. These are known as the Council priorities, and they are:

- affordable housing;



- better education and skills for employment; and
- carbon emission and energy use reduction.

### **Some arrangements to support change are beginning to take shape but others are not yet ready for the future challenging environment**

- 17** In 2009 a new Community Strategy for Wrexham was agreed, and the Council adopted a new vision document 'Defining Our Direction', which is part one of its Council Plan. The Plan includes the three Council priorities together with seven "Improvement priorities", which are based on existing plans and strategies, and reflect a large proportion of the Council's service delivery.
- 18** In September 2009, the Appointed Auditor issued an unqualified auditor's report on the 2008-09 financial statements.
- 19** In November 2009, the 2008-09 Annual Letter noted that 'the Council is clearly led and offers a range of examples of good practice innovation but will need a major-step up to address future financial pressures and the challenge of doing more with less'.
- 20** This generally improving performance occurred against a backdrop of three years of receiving relatively low financial settlements. During this time, the Council had a good record of containing expenditure within budget and had a satisfactory level of financial reserves. There was sound corporate management and examples of applying good practice from elsewhere. The CSSIW noted in 2009 that the children's safeguarding recommendations (arising from the Victoria Climbié Inquiry report) have largely been met, but there are important areas for improvement.
- 21** The Council recognises the need to focus on achieving outcomes for citizens, and move away from an internal culture of monitoring the completion of tasks. Work is underway within the Council to move towards outcome measures that clearly demonstrate if the work of the Council is making a positive difference to the lives of the people within the borough.
- 22** At the beginning of 2010, the Executive Board approved a Transformation Programme aimed at a wide-ranging approach to meeting the financial challenges and improving value for money. Arrangements to manage this programme of work have been established and include a Board, a £1 million 'invest to save' fund, and the recent appointment of a Programme Manager; a joint post with Flintshire County Council.
- 23** Despite receiving an above average financial settlement for 2010-11, the Council identified the need to make £5 million reduction in expenditure across departments. These reductions are modest compared to the possible future reductions, which may be in the region of £30-£40 million over three to four years.
- 24** The Assembly Government undertook a Citizen-focused Governance review in December 2008. This reported that the Council is a clearly-led authority which offers a range of examples of good practice and innovation against each of the seven Citizen-centred Governance Principles. It also raised a question over whether the level of corporate capacity in the Council would

be sufficient, to enable it to lead and manage change of the magnitude facing all councils in Wales.

- 25** There remain areas for further development to ensure that all of the Council's corporate arrangements are fit for the future. In particular, people management and aspects of performance management are still not sufficiently robust to maximise support for improvement.



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

**The Council has a greater focus on improvement, a clear policy framework, sound financial position and a newly established transformation programme, but some areas for development remain**

**The Council's leadership, policy and strategy framework and use of resources are developing positively to support improvement**

**Political and officer leadership is providing clear focus and ambition for improvement**

**26** The Council has maintained a politically balanced Executive Board throughout its existence. A Lead member system was introduced in 2005 and since then most Executive Board Members have lead areas such as social care and health or environment and transport. The Executive Board is working well and is currently stable, although this requires a lot of input from the Leader to maintain a common view on key issues, and to gain agreement to decision making. This non-combative approach works effectively for Wrexham, and the Leader is committed to developing team working.

**27** Within the Executive Board, the role of the Lead members is defined and they are expected to provide political leadership for their allocated area but do not have delegated powers for this work. While this has been the norm in Wrexham, several councils in Wales have found that providing Executive Board Members with delegated powers to take minor decisions can increase accountability and provides further drive to improve performance within services.

**28** The Leader and Chief Executive have established an effective working relationship to lead improvement. The three strategic and performance directors provide managerial leadership for the Council's priorities and this creates a culture that seeks to minimise departmental silos and provides clearer accountability.

**Strategic direction and objectives are defined, but the future will require greater clarity on what is not a priority**

**29** During 2008, the Council undertook a review to ensure the existing community strategy focused on the things that were important to the local people. This review led to the production of the new 2009-20 community strategy that provides a clear direction for work over the coming years.

**30** The Council has in place all the statutory plans it is required to produce. They have involved other partner organisations such as health bodies, the police, and in many cases the users of services in the

development of these. The Council has led work with partner organisations to develop and implement a community cohesion strategy, and this has been recognised as an example of good practice by the Improvement and Development Agency for local government (IDeA).

- 31** The Council Plan 2009-12 sets out three clear Council priorities, which are well understood by Members and officers, and seek to give an outcome focus to the Council's work. The Plan describes what the Council wants to achieve for each priority and lists a small number of activities that the Council will be undertaking in the next year. Project Boards support these priorities with Members and officer involvement. The Boards do not have delegated powers and do not appear in the Council's constitution; and key decisions are referred to the Executive Board for approval.
- 32** The Council also created seven improvement priorities which are drawn from existing commitments with partners under the statutory plans and include:
- healthy eating and people being more active;
  - anti-social behaviour, substance misuse and perceptions of crime;
  - assisting older people to live independently;
  - waste minimisation and recycling;
  - access to services and listening to and engaging the public in influencing services;
  - promote equality of opportunity for children and young people to become bilingual and to promote the Welsh culture; and,
- organisational development projects (now the Transformation Programme).
- 33** In May 2010 the Council Board adopted an eighth improvement priority of 'safeguarding our children' in response to a review by the Care and Social Services Inspectorate Wales (CSSIW).
- 34** While the Council has tried to make these priorities more outcome focused, this is variable, and may to some extent depend on how clear the outcomes were described in the relevant statutory plans. For example, the improvement priority of healthy eating and people being more active has one high-level outcome measure to reduce the level of obesity in Wrexham. However, the Council and its partners are unclear which other measures should contribute, and although a great deal of activity is underway, its impact is uncertain. The Council acknowledges that the success of these priorities would benefit from more clearly stated outcomes.
- 35** While the priorities are all relevant and the Council has undertaken consultation exercises with residents and partner organisations, their contribution to helping determine the selection of these priorities is unclear. At the time of our assessment the Council was in the process of reviewing its corporate approach to consultation. As part of our further work, we shall monitor the development of the new community strategy, consider a wider group of policies, and consider whether the arrangements for community engagement and communications fully support the delivery of strategies.



**36** The three Council priorities, the eight improvement priorities and a range of service improvement priorities cover a large part of the Council's work. There has been less clarity about what is not a priority or how the Council will begin to identify these lower priorities. Given the tighter financial future facing the Council, these will be important and potentially difficult decisions for the Council to make.

**Sound management of financial resources and early stages of the transformation programme and planning in response to financial challenges will give a basis for supporting improvement**

**37** The Council has a strong and well-developed financial function, and this has been reported in our Annual Letters to the Council over a number of years.

**38** One area we identified for improvement in the past was the need to increase the level of financial reserves held by the Council, to a more prudent level. The Council over a period of years gradually increased the level of reserves to a position that the Wales Audit Office considers is more appropriate. The Council will need to monitor this and ensure it remains at a prudent level if new financial risks are identified.

**39** The Council has a good track record of operating within budget, and managing in year budget pressures effectively. In recent years the Council has experienced more substantial budget pressures in a small number of service areas including:

- safeguarding and support, adult social services, out of county placements, fostering and learning

difficulties (due to increased demands); and

- environment (due to increased fuel prices).

**40** The Council managed these pressures through actively engaging the Chief Officers responsible for these services and finding solutions to address the potential deficits.

**41** In addition the Council is facing other potential budget pressures:

- It is defending a contingent liability claim on the Hafod Quarry; and
- as yet has not settled any of a significant number of equal pay claims.

**42** Members are extensively involved in the review of the budget, providing them with opportunities to understand the financial position and to influence how the budget is allocated. Budget pressures and priorities have been considered as part of this process. The approach to making savings in recent years has been through a percentage reduction across a number of service areas. The Council now faces more challenging financial times and grant settlements may be reduced over the next three to four years in the order of £30-£40 million. Given these challenging times and tough spending decisions, Members will need to link the financial position more closely with priorities.

**43** The Council has developed a medium term financial strategy; but this is at a high level. It would benefit from developing a more detailed strategy that includes an approach to assign resources linked to priorities and has commenced work on such an approach.

**44** The Council recognises the need to respond to the financial challenges and has agreed an approach to 'transform' the Council. A Transformation Programme Board of Members and senior officers, chaired by a Strategic and Performance Director, supported by a newly appointed part-time Programme Manager, will oversee this work. This Programme Board will manage a range of service reviews alongside changes that will result in a more sustainable business model for the Council by 2012. This will include reviews of assets, transport and a reconfiguration of the management structures. A £1 million budget has been earmarked to support this work which will partly be used to support 'invest to save' developments.

**45** Corporate services such as human resources (HR) and ICT are involved in this work, and the ICT team has good levels of engagement with other departments to identify key services issues that require ICT developments. The strategic use of ICT will be a key enabler for the Council, and we will review the progress in the course of our work.

**The Council is committed to proactively working with partners towards achieving community-wide objectives, and further tangible benefits**

**46** The Leader and Chief Executive are actively involved in the North Wales Regional Partnership Board that has developed a 'strategic vision' and programme for change. The Leader chairs the Board. The Chief Executive is the lead for the social services and health programme board, one of the Partnership Board's four key work streams. This approach to regional planning has the potential to lead to

significant improvements through collaboration. The Council is also contributing to existing and planned regional partnership work through the North Wales Social Services Improvement Collaborative (NWSSIC). The Council's Chief Social Care Officer chairs this group, and the Council is also the sponsor for the regional NWSSIC domiciliary care projects.

**47** The Council has many existing collaborative arrangements with other councils including a shared agency staff, specialist planning services, and joint out of hour's services. In addition, the Council has developed a unified, multi agency cohesion strategy with key partners. Work on this has been ongoing for over four years, and is included as an example of good practice on the IDEa website.

**48** The Wrexham Local Service Board (LSB) is developing the focus of its work and Local Delivery Agreements (LDAs) are in place for developments which are linked to Wrexham's Community Strategy. These include the Team Around the Person (now Connect 4U) and Improving Mental Health projects.

**49** The Council is working closely with its partners, although some arrangements have been affected by the recent re-configuration of health bodies. The Council has also contributed to the appointment of a regional Local Authority Management Representative (Ambassador) for the six North Wales councils on the Betsi Cadwaladr University Health Board Management Team. As part of our further work, we will consider the views of partners, delivery of LDAs and monitor progress of partnerships strategies and developments.



**50** The Council has also invested energy in cross departmental working within the Council. The Strategic and Performance Directors are leading on cross cutting council-wide objectives, and are commissioning work from Chief Officers in different directorates to deliver this agenda. There has been a reduction in silo working within the Council, and there are various examples of cross-disciplinary working, particularly at senior levels, such as affordable housing and healthy eating and being more active.

**Democratic processes, people management and business processes are supporting improvement, but are not yet making as full a contribution as they could**

**Democratic processes are satisfactory but could more fully support improvement**

**51** There are numerous opportunities for elected Members to be involved in discussion and challenge, including through member workshops and scrutiny task and finish groups. There are also opportunities in the Council's committee meetings for Members to debate issues, and Members are represented on the three project boards for the Council's priority areas, and on the Transformation Programme Board.

**52** The Council has five scrutiny committees, which are operating in an appropriate manner, and are generally effective at providing non-party political, knowledgeable challenge, although the agendas are crowded.

**53** To aid the review process and to assist policy development, scrutiny committees have established numerous task and finish groups to address specific issues. However, several of these are not being drawn to a close, which leads to the proliferation of groups and meetings, which is a drain on resources. This issue is recognised and some groups are being revised.

**54** Scrutiny committees often consider matters before the Executive Board and value this 'pre-scrutiny' role, although it can be time consuming. They seek to exercise the role of holding the Executive Board to account through their work including occasional call-ins of Executive Board decisions. However, the process tends to act as a scrutiny of officers rather than the Executive or Lead Members. The current arrangements provide a process for scrutinising service related issues, but lack a clear process for scrutinising the outcomes and value for money of crosscutting topics.

**55** It is for each council to determine its own arrangements and ensure that they are effective in the discharge of their responsibilities. Executive Board members in Wrexham have never held portfolio responsibilities through a scheme of delegated powers. Instead, there are Lead Members for the main service areas, who act as the principal political spokesperson for their area of responsibility. The lack of delegation of responsibility to Lead Members, and with reports to scrutiny committees being presented by officers, this may reduce the extent of ownership of the Lead roles and require the full Executive Board to spend more time than necessary on minor matters.

**56** The current scrutiny arrangements may not be sufficiently focused for the challenging times ahead. To ensure the governance arrangements provide the best support for the future improvement the Council should streamline decision making and scrutiny to ensure that roles are clear and time is given to matters that are considered most important.

**57** The Council made progress on the development of elected members and achieved the first level of the WLGA Members Development Charter in October 2008. Job descriptions are in place for all member roles and the Council has developed a core set of training for members. However, in May 2010 the Council Executive Board agreed to take no further steps to prepare and apply for next level of the WLGA's Charter because members are unwilling to accept peer reviews, and there is some resistance to compulsory core training.

**The Council recognises that people management remains a risk, and a plan to address this is being developed**

**58** The Chief Executive has undertaken a series of road shows to meet staff to recognise the good work achieved by them and set out the challenges facing the Council. There are established routes for delivering corporate message to staff, but there has been little feedback from staff to the Strategic Management Team (SMT). This is acknowledged and some steps are being taken to seek to improve two-way communications.

**59** The Council has comparatively good levels of recorded sickness absence rates, and a new employee appraisal system has been introduced this year. This system is underpinned by a competency framework, which the Council is continuing to develop.

**60** The Council recognises the importance of effective people management, and the Chief Officer for HR attends the Transformation Programme Board. The new HR Strategy for 2010-12 aims to create a framework of integrated people policies and procedures, which support the Council's staff in delivering services. The two-year plan is designed to initially build a strong people management service and in the second year to support the Council in its transformation process. The success of this Strategy will be crucial to the future transformation plans of the Council, as there are currently issues of capacity and capability within the HR team. To support these developments, the SMT has recently approved a new structure for HR, which it is hoped will lead to a service that is more capable of supporting the organisational changes the Council wishes to make. As this remains an area of risk to the Council's improvement plans, we will review the delivery of the HR Strategy as part of our ongoing work.

**61** Workforce planning is in place in some service areas, but is underdeveloped, and the Council lacks a workforce plan linked to its corporate priorities. The Council recognises this and is aware of some of the skill sets that are underdeveloped.

**62** The Council has addressed the majority of the issues relating to single status some time ago, and more recently, they have concluded negotiations for part three of single status. This was a challenging time for the Council, and there was for a short period of somewhat fragile industrial relations. This appears to have been resolved, and the Unions have welcomed their involvement in the Transformation Programme Board.



**Extensive processes are in place for business management, but these are not currently sufficiently focused to drive a step change in performance required for the future**

**63** Well developed business processes have been established and are reviewed annually. There has been an increased emphasis on citizen focused outcomes and the Council has moved to fully use Ffynnon (a nationally procured performance management software system) more quickly than most councils and it is now the main vehicle for performance information.

**64** The Council has clearly defined guidance to assist services with their planning, although this guidance was not always followed for 2009-10 plans. While service planning does occur, it is not a clear driver for improvement; the plans are too complicated and lack a robust challenge. The Regeneration service has developed an evaluation framework in response to the nationally recognised weakness in the process for evaluating regeneration improvements. This approach looks promising, but it is too soon to tell if this will be effective.

**65** The Council has extensive arrangements for monitoring performance, and officers and Members review performance reports, in what is a time consuming process. This is in part due to the reports being difficult to understand, there is duplication and some potential weaknesses in internal validation. The Council would benefit from more streamlined processes that are simple, focused on the important areas and driving the change and improvement the Council wants to deliver.

**66.** The Council has a strategic risk register and there are risk registers for the three Council priorities and each strategic partnership. However, not all of the Council's improvement priorities have robust risk management arrangements.

**67** Project management methodology is applied to the three Council priorities, and selected other projects, but not to all of the Improvement priorities. We have found the quality of project management to be mixed, and the improvement priorities would benefit from more formal project management arrangements.