WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Corporate Assessment Report 2016

Incorporating the Annual Improvement Report 2015-16

Vale of Glamorgan Council

Issued: August 2016
Document reference: 453A2016

This Corporate Assessment has been prepared on behalf of the Auditor General for Wales by Steve Barry, Lisa Williams, Catryn Holzinger, Ron Price, Janet Smith, Avril Watkins, Ena Lloyd and Dyfrig Williams of the Wales Audit Office under the direction of Jane Holownia.

Huw Vaughan Thomas
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

Contents

Summary report

Summary

1   In 2013-14, staff of the Wales Audit Office began a four-year cycle of corporate assessments of improvement authorities in Wales. This means that, in addition to an annual programme of improvement studies and audits of councils' approaches to improvement planning and reporting, each authority will receive a corporate assessment once during a four-year period. In the intervening years, we will keep track of developments through progress updates.

2   The purpose of the corporate assessment is to provide a position statement of an improvement authority's capacity and capability to deliver continuous improvement. It will, by its nature, consider an authority's track record of performance and outcomes as well as examining the key arrangements that are necessary to underpin improvements in services and functions.

3   Our fieldwork for the corporate assessment focused on the extent to which arrangements are contributing to delivering improved service performance and outcomes for citizens. The corporate assessment sought to answer the following question: **Is the Council capable of delivering its priorities and improved outcomes for citizens?**

4   We concluded that 'The Council has a clear vision of what it wishes to achieve and is making positive changes, which should ensure it is well placed to continue securing improvement'. We came to this conclusion because:

- the Council has a clear vision of what it wishes to achieve, and the change agenda is supported by effective leadership;

- effective governance arrangements have secured improvement in the past, and are being refined to meet future challenges;

- developments in the Council's performance management arrangements have the potential to improve its ability to evaluate performance and outcomes, if supported by appropriate measures and balanced reporting;

- the Council's financial management arrangements are effective, but savings plans and the reporting of savings would benefit from further detail;

- the Council recognises ICT as a key means of reshaping services and delivering savings, and is developing a corporate vision and clear objectives for the service;

- the HR Service is supporting the Council to achieve its priorities, including the Reshaping Services Programme, through a well-developed workforce plan and extensive staff engagement;

- the Council has improved its corporate asset management planning processes, but work is needed to ensure that all property data, including compliance with building management standards and requirements, is accurately recorded and monitored; and

- relations with partners are good, and collaborative arrangements are bringing benefits to the work of the Council in some key areas, but scrutiny and the pooling of financial resources could be further enhanced.

Proposals for Improvement

Proposals for Improvement

Performance management
• Implement proposed changes to the performance management framework, continuing to engage and review arrangements, and ensure they:
  – focus performance reporting on the most important areas;
  – make the connection between the activity undertaken across the organisation and outcomes achieved; and
  – provide members and senior officers with a more rounded view of performance by setting it in the context of other corporate factors.
• Align the target setting process with the service planning process, to ensure that targets are considered in the context of priorities and resources.

Finance • Include detailed savings monitoring reports as part of wider budget monitoring reports, and identify those proposals that relate to the Reshaping Services Programme.
ICT • Complete work in progress to establish a vision and objectives for the ICT service to enable it to plan and discharge its role as a corporate enabler.
Asset Management • Accelerate the gathering of buildings compliance data for properties under the Council's control, and ensure it is recorded centrally. Thereafter, accelerate premises Managers/Duty Holders compliance training to ensure that all buildings comply with appropriate statutory, regulatory, and corporate standards, and are maintained to an appropriate level.

Introduction

5   Under the Local Government (Wales) Measure 2009 (the Measure), the Auditor General must report each year on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement in delivering their services. Appendix 1 provides more information about the Auditor General's powers and duties under the Measure.

6   In 2013-14, staff of the Wales Audit Office began a four-year cycle of corporate assessments of improvement authorities in Wales. This means that, in addition to the annual programme of improvement studies and audits of councils' approaches to improvement planning and reporting, each authority will receive a corporate assessment once during a four-year period. In the intervening years, we will keep track of developments through progress updates.

7   This report states whether the Auditor General believes that the Council is likely to comply with the requirements of the Measure. This judgement of 'likelihood' will be based on work carried out and previous accumulated knowledge, and therefore, reflects performance at a particular point in time. It should not be seen as a four-year clean bill of health, or as a definitive prediction of future success. Rather, it should be viewed as providing assurance as to whether the arrangements currently in place are reasonably sound insofar as can be ascertained from our work, and the work of relevant regulators.

8   Given the wide range of services provided, and the challenges facing the Council, it would be unusual if we did not find things that can be improved. The Auditor General is able to:

   • Make proposals for improvement – we make such proposals in this report, and we will follow up what happens.

   • Make formal recommendations for improvement – if a formal recommendation is made, the Council must prepare a response to that recommendation within 30 working days. We find no reason to make such recommendations.

   • Conduct a special inspection, and publish a report and make recommendations. We find no reason to conduct such an inspection.

   • Recommend to Ministers of the Welsh Government that they intervene in some way. We find no reason to make such a recommendation.

9   We want to find out if this report gives you the information you need, and whether it is easy to understand. You can let us know your views by e-mailing us at info@audit.wales or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.

Detailed report

The Council has a clear vision of what it wishes to achieve, and is making positive changes which should ensure it is well placed to continue securing improvement

The Council has a clear vision of what it wishes to achieve, and the change agenda is supported by effective leadership

The Council has a clear vision of what it wants to achieve that reflects local needs and national expectations

10   The Council and its partners in the Local Service Board have established a clear vision of what they wish to achieve for the population of the Vale of Glamorgan. The Council has revised its Corporate Plan for 2016-2020 and has set out its planned activity to demonstrate how it will contribute to the wellbeing goals for Wales, as introduced by the Wellbeing of Future Generations Act (2015). In doing so, it has also reflected the views of local residents, community groups, and key stakeholders.

11   The Corporate Plan identifies four intended outcomes, along with eight supporting objectives:

- An inclusive and safe Vale by:
  - reducing poverty and social inclusion; and
  - providing decent homes and safe communities.
- An environmentally responsible and prosperous Vale by:
  - promoting regeneration, economic growth, and employment; and
  - promoting sustainable development and protecting the environment.
- An aspirational and culturally vibrant Vale by:
  - raising overall standards of achievement of learners; and
  - valuing culture and diversity.
- An active and healthy Vale by:
  - encouraging and promoting active and healthy lifestyles; and
  - safeguarding those who are vulnerable, and promoting independent living.

12   It also sets out how the Council intends to deliver these objectives and provides a framework for decision making and the deployment of resources.

13   In addition to the Corporate Plan, which sets the Council's vision and proposals for delivery, the Council and its partners have undertaken a local needs assessment, and commissioned a review of poverty in the county that resulted in the Community Strategy 2011-2021, and the Council's Strategic Equality Plan. These plans direct activity towards addressing issues for those most disadvantaged in the area.

14   The Community Strategy priority outcomes provide a coherent set of objectives that seek to meet key issues across the county. They are easy to understand and articulate the Council and its partners' vision for a Vale of Glamorgan:

      •   that is safe, clean and attractive, where individuals and communities have sustainable opportunities to improve their health, learning and skills, prosperity and wellbeing; and

      •   where there is a strong sense of community in which local groups and individuals have the capacity and incentive to make an effective contribution to the future sustainability of the area.

15   We undertook a survey of all 47 councillors and 45 senior managers, and a significant majority of respondents told us they were clear about what the Council was trying to achieve, as were the majority of staff we spoke to during the course of this assessment. This is likely a result of the positive engagement in developing the Corporate Plan, and effective communication with members and staff.

The Council is taking appropriate steps to develop its vision for the way it will be delivering or facilitating future service provision

16   In recent years, the Council has recognised that it needs to operate differently if it is to meet the dual challenges of increasing demand and likely diminishing resources. In 2014, it formulated a **Reshaping Services Programme** (RSP) and began implementation during 2015.

17   In 2015, detailed engagement took place with councillors and staff to explain the rationale for the programme and obtain views and ideas to support the implementation of change.

18   The Council established an RSP Board, which meets every four to six weeks, and information and papers are shared with staff on Staff Net and in Core Brief documents. This indicates a willingness to share progress, identify potential barriers, and to ensure that staff are involved with the process.

19   We reviewed the approach the Council was taking for the RSP early in 2015. We concluded that it was adopting appropriate processes to drive transformation although, at the time, it had not determined a particular vision for the type of council it aspired to be, which could help shape the options it would or would not be prepared to consider for the future delivery of services. Having progressed service change prior to the RSP, a mixed picture of delivery models is emerging, for example:

- the Council has retained its housing stock following a tenant vote, and they have subsequently made improvements to its quality;

- leisure services has been outsourced;

- the running of five libraries has been transferred to community groups; and

- the Council is the host for the Shared Regulatory Service, a collaboration with two neighbouring councils.

20   The Council is now further into the RSP and, at the time of this assessment, there was a considerable range of work in progress. The Council was improving its understanding of the timescales required, exploring options and engaging with others prior to implementation. The Council has also developed a Public Engagement Framework as guidance for staff to improve the effectiveness of consultation and engagement. This is based on the 10 national principles for public engagement in Wales, and demonstrates the Council's commitment to ensuring a wide range of views are sought to inform decision making.

21   Given there are forthcoming reviews of some major visible services, and the Council is developing the next tranche of RSP projects, it will be opportune to continue to reflect on what has previously worked well, and take a strategic view of the type of options that will be considered for particular services. The Council considers it has mechanisms in place to enable it to take that strategic view, through Corporate Management Team (CMT), joint Cabinet and CMT meetings, the Reshaping Programme Project Board (on which the Managing Director, all Directors and the Leader are members) and Cabinet itself, as well as relevant scrutiny committees.

Senior political and officer leadership is engaging effectively with staff as a means of supporting implementation of change and preparing for the future

22   The Corporate Plan 2016-2020 sets out values that underpin the way the Council intends to operate. They are:

- Ambitious – Forward thinking, embracing new ways of working and investing in our future;

- Open – Open to different ideas and being accountable for the decisions we take;

- Together – Working together as a team that engages with our customers and partners, respects diversity, and is committed to quality services; and

- Proud – Proud of the Vale of Glamorgan: proud to serve our communities and to be part of the Vale of Glamorgan Council.

23   Our assessment found evidence of the Council putting these values into practice, in particular with regard to being open, working together, and taking pride in what the Council was doing. In practical terms this was illustrated by:

- The development of the 'Staff Charter' which is not about Terms and Conditions, but is a reframing of the relationship between employee and employer. The aim is to streamline and reduce the number of policies and develop a relationship based on trust and clear expectations.

- The sharing of information and papers about the RSP on Staff Net and via Core Briefs.

- The 'Leadership Café' that has been developed and driven by staff with the full support of the Council (see paragraph 81 and Case study 1 for further information).

24   It was also underlined by the majority of councillors and staff we spoke to, emphasising the quality of engagement that took place during 2015 to support the development of the RSP. Indeed, all of the officers we surveyed felt the Council to be effective when consulting staff. Staff focus groups were generally positive, but some felt there were opportunities to further develop engagement with staff based outside the main council offices and those with limited access to computers. The Council is aware of this and the 'Keeping me informed' working group (one of four established to develop findings from staff engagement) identified communicating with staff without computer access as a proposed action, to be addressed through the Staff Charter.

Effective governance arrangements have secured improvement in the past, and are being refined to meet future challenges

Clear lines of responsibility are securing improvement

25   At the time of the assessment visit, the Council's Cabinet comprised the Leader and five members. At the Annual Meeting in May 2016, this was reduced to four members, in acknowledgement of the financial pressures facing the Council. Portfolio responsibilities are clear, enabling the Leader to hold Cabinet members to account. The Cabinet works effectively with senior managers to drive change and develop strategy to meet local needs. The Cabinet also acts effectively to co-ordinate activity that drives improvement across portfolios. One example is the adoption of a 'whole place' approach to activity in the Gibbonsdown ward, resulting in school and housing improvements.

26   Appraisal arrangements are in place that enable the Council to set objectives for the Managing Director, and review delivery of them. There are supporting appraisal arrangements in place for Directors that enable the Managing Director to agree their objectives and evaluate their performance. Strong governance arrangements are in place for the RSP that clarify responsibilities, and there are regular reviews of progress.

27   The Member Development Strategy outlines the support available for members and, together with revised role descriptions, provides clear guidance on member roles and responsibilities. Annual personal development reviews, which are used to inform the member development programme, are encouraged for all members and are expected for those in receipt of senior salaries (Leader, Deputy Leader, Cabinet members, scrutiny and statutory committee chairs and leaders of opposition groups).

28   The Audit Committee reviews governance arrangements and approves the Annual Governance Statement of the Council. This Committee oversees the delivery of a robust Internal Audit programme which scrutinises key areas of risk. In recent years, Internal Audit reviews have identified some system failures and weaknesses in implementation processes and have made recommendations that have enabled improvement. At the time of this assessment, the Council was strengthening overall contract procurement and management arrangements in the light of Internal Audit findings. While the process for identifying weaknesses in November 2014 worked effectively, and the corporate response in December 2015 has been strong, the service response to findings was slow in this case.

29 Scrutiny arrangements operate within a clear framework. We previously observed scrutiny meetings in early 2015 and undertook further observations as part of this assessment. We found that the scrutiny roles and responsibilities are defined, chairing is generally effective, and there is good support from Democratic Services (see Appendix 2 for further information). At the time of the assessment, the Council had recently developed a Scrutiny and Cabinet Roles and Responsibilities Draft Protocol which provides further guidance to support an effective scrutiny function. This was approved by Council on 27 April 2016. The Protocol clearly distinguishes between the role of officers and Cabinet members in attending scrutiny committee. It states that officers are there to answer specific questions about the operational performance of a service, but Cabinet members are there to answer questions relating to the reasoning behind a decision.

30 The Council has an established process for managing corporate risks. It reviewed its Risk Management Strategy (2012-2014) in 2015, and published a revised version in 2016. The revised Risk Management Strategy 2015-2017 describes the Council's approach to risk management, and sets out the responsibilities of key individuals and groups.

31 The Council maintains a Corporate Risk Register, which sets out 13 risks that could have a detrimental impact on the achievement of Council priorities over the medium and long term, and tend to be of a cross-cutting nature. Each of those risks has a risk profile, setting out factors that relate to the nature of the risk, controls, and countermeasures. The register is reviewed annually through the Council-wide risk assessment, and any new corporate risks are identified.

32 The Council has a Corporate Risk Management Group with head of service representation, and a large proportion of the overall management of risk sits with that group. Its responsibilities include developing the strategy, monitoring and reporting on risks, and maintaining and updating the Corporate Risk Register. The Council has also sought to embed risk assessment in key areas of work in order to prioritise activity and support decision making, such as Internal Audit and the RSP.

33 2015-16 service plans set out relevant risks, which are scored for likelihood and impact. These risks relate to service specific risks and those identified on the Corporate Risk Register. Countermeasures are embedded in the supporting action plans.

34 While there are arrangements in place and a corporate focus on managing risk, there were divergent views on the overall appetite for risk within the Council. Some felt the Council was risk averse, others thought that it had perhaps been so in the past and others considered the organisation to be risk aware. Furthermore, it will be necessary for the Council to consider its approach to risk management in relation to the RSP more generally. For example, while the Council will need to manage its own risk in transferring services and assets to organisations such as Town and Community Councils, it will need to be mindful of how it can support those organisations through the process, and transfer an appropriate level of risk.

Scrutiny arrangements are being refined to improve efficiency and the ability to better evaluate outcomes being achieved

35   Scrutiny arrangements at the Council are well embedded, and there is evidence of members challenging and monitoring performance. However, scrutiny officer capacity has limited the number of 'task and finish' scrutiny reviews in recent years. In 2015, the Council surveyed all members and the four co-opted members of the Lifelong Learning Scrutiny Committee. Respondents were positive about the support received from officers but 28 per cent expressed dissatisfaction with the way topics were selected as well as questioning the value added by scrutiny in terms of driving service improvement.

36   Over the period of our observations, we saw that there was increased questioning and contributions from all members in some committees, but at others, there was variation in contributions. Furthermore, while we observed insightful questioning that demonstrated members' understanding of the issues, questioning did not appear to be co-ordinated across the committee. Pre-meetings that take place immediately prior to the formal committee meeting can provide an opportunity for members to discuss and agree the intended outcome to be gained from the meeting, key lines of enquiry for questioning, and the approach to questioning the committee intends to take. Such pre-meetings can thus help with the joint planning of activity and questions.[1]

37   The draft Scrutiny and Cabinet Roles and Responsibilities Protocol also states that Cabinet Forward Work Programme will now be produced to cover a full 12-month period, having previously been published on a quarterly basis. This has been put in place since the assessment, with an Annual Strategic Forward Work Programme for 2016-17 already being reported to Cabinet. This will better enable scrutiny committees to plan their own work programmes to ensure they are focusing on key issues and can build in time for policy development through pre-scrutiny, where required.

38   At the time of this assessment, a new framework for scrutiny was being established that has the potential to improve the ability to evaluate outcomes being achieved in the context of the new Corporate Plan, and the expectations of the Wellbeing of Future Generations Act.

1   **Good Scrutiny? Good Question! Auditor General for Wales improvement study: Scrutiny in Local Government**, Wales Audit Office, 2014.

39   Since the assessment, the framework has seen the remits of the five scrutiny committees re-designated to reflect the Council's four wellbeing outcomes while maintaining a single Corporate Performance and Resources and Scrutiny Committee, which receives financial and performance monitoring information. The intention is that scrutiny activity becomes more outcome-focused and considers a wider range of cross-cutting information. The restructuring of committees is intended to help to reduce the duplication of reporting, though this will depend on members and officers having a clear understanding of the 'home' committee for issues and services, and on communication between committee chairs. There will also be further practical changes to improve the committee working arrangements through the ongoing implementation of actions in the Scrutiny Improvement Action Plan.

40   The changes being implemented should enable the Council to ensure scrutiny activity has maximum impact by:

•   aligning Cabinet and Scrutiny forward work programmes to focus on key issues and facilitate pre-scrutiny, as necessary;

•   freeing up agenda time to focus on a more limited number of items in depth, thereby increasing efficiency as well as impact; and

•   improving the information scrutiny receive, by aligning financial and performance information with other important information, such as the citizen view, increasing the focus on outcomes, and supporting consideration of value for money.

41   It is likely that, through its RSP, the Council will enter into a number of different arrangements with external organisations. Scrutiny will have a role in the early stages by scrutinising proposals, and this should be reflected in Forward Work Plans. Scrutiny will also have a role in scrutinising the delivery of any such new arrangements.

Information about the Council and its performance is readily available

42   The Council publishes a significant amount of information on its website relating to Council business and performance. It also includes a range of information under 'living', 'working' and 'enjoying', and residents can make payments and submit complaints and other applications online.

43   A significant majority of members and officers we spoke to during this assessment referred to a rapidly developing culture of openness and transparency in their working relationships. They felt this was fostering engagement in change and improvement activities, as well as more confidence in discussing and resolving issues. This is providing a sound foundation for the future as the Council moves into the implementation of proposals emerging from the RSP.

44   The Council has improved the way it makes the Cabinet's work for the year ahead available to the public by producing a Forward Work Programme that covers a full 12-month period.

45   The Council is providing more opportunities for the public to register to speak at meetings via its website. In addition to being able to register questions for Council, the facility has been extended to enable registration of questions for Scrutiny Committees, the Planning Committee, and to increase public participation in the scrutiny process. Elected members and members of the public can suggest a topic for scrutiny to consider.

Developments in the Council's performance management arrangements have the potential to improve its ability to evaluate performance and outcomes if supported by appropriate measures and balanced reporting

46   The Council performs well in the context of national indicators and, on this basis, has been recognised as one of the top performing Councils in Wales. However, previous audit work has found that, while the Council's performance management arrangements are capable of driving improvement on specific indicators, they do not provide a clear picture of the outcomes being achieved. We therefore made proposals for improvement that encourage a focus on outcomes, present a balanced picture of performance, and bring information together from different parts of the organisation, which the Council has recognised and accepted. This, along with the requirements of the Wellbeing of Future Generations Act, has provided the impetus for significant changes to the planning and performance management framework.

47   As previously stated, the new Corporate Plan promotes a focus on outcomes, but it also places an emphasis on the integration of corporate functions. In order to monitor the Plan effectively, the Council is seeking to develop more outcomes-focused performance reporting, which will bring information together from across the 'system'. They intend to produce the following reports:

- A quarterly **Corporate Health Report** will provide an overview of corporate health. It will include a 'balanced' set of measures covering performance against wellbeing outcomes/objectives, resources (finance/savings, people, assets and ICT), customer focus and risk. It is likely that the report will provide an overview of progress and a RAG status for each outcome, as well as identifying areas of underperformance across the areas of corporate health and proposing remedial actions. A narrative 'position statement' will also accompany the data.

- A quarterly **wellbeing outcome and objective report** for each wellbeing outcome, showing progress against the outcomes and associated objectives. It will bring together cross-cutting performance information from a range of service plans. As above, the reports will identify areas of underperformance and propose remedial action. A narrative position statement, provided by the accountable director, will also accompany the data.

48   A group of members and officers are developing the reports with a view to having the final arrangements in place for quarter one reporting in 2016-17. It is intended that the formats use a 'dashboard/scorecard' style which is summative and user-friendly. In order for the new arrangements to be effective, the Council will need to select appropriate measures for inclusion in the reports. They will need to be reliable, available on a routine basis, and well aligned to the outcomes and objectives. It will be essential for these measures to be embedded within service and team plans.

49   Given the reports will be more streamlined, the balance and reliability of the information will be essential. Specifically, there will need to be an appropriate balance between details of achievement and underperformance. Further to this, the position statements will add value if they make the connections between a) the different aspects of corporate health (eg, how diminished resources may be increasing risk or resulting in lower levels of customer satisfaction) and b) identify how specific activities in different parts of the organisation are contributing to, or hindering progress towards the outcomes.

50   While there will be a need for review during implementation and consideration of member and officer feedback, these arrangements have the potential to address limitations identified in previous audit work (as referenced in paragraph 49). If successful, the new arrangements will enable the Council to:

      • focus performance reporting on the most important areas;

      • make the connection between the activity undertaken across the organisation and outcomes achieved; and

      • provide members and senior officers with a more rounded view of performance by setting it in the context of other corporate factors.

51   However, the Council will need to ensure:

      • measures included, provide the best representation of activity or outcomes;

      • a more refined set of information highlights key areas of underperformance, and provides insight into the reasons for it;

      • accountability is understood, and shared responsibility for the outcomes achieved is recognised; and

      • aspects of corporate health are monitored routinely and can accurately feed into reports.

52   The Council has always had separate Corporate and Improvement Plans. It has distinguished its improvement objectives as 'a small number of areas where we want to focus our attention in order to achieve significant improvements more quickly'. The Improvement Plan 2016-17 sets out improvement objectives that are linked to the Corporate Plan wellbeing outcomes. It also includes a rationale, outcomes, actions, and measures for each of the objectives. However, the plan could present the connection between the elements more clearly, to show what actions it intends to take to achieve which outcomes, and how the measures correspond.

53   The Council is effectively in a transition year as it implements its planned arrangements, and will need to consider whether there are aspects of the current planning environment and performance framework that should be updated or stopped altogether. This will be necessary to ensure a focus on the activities that matter most, and that member and officer time is used most effectively.

54   As part of its performance management framework, the Council has a Target Setting Guide that sets out the purpose of target setting and how it should be done, including the responsibilities of respective individuals in the corporate performance team and services. The guide presents a corporate aspiration that targets should be challenging and encourages services to be ambitious. It does this by stating that targets should be set in line with top quartile performance wherever possible, and that where it is not possible, the default should be the Welsh average, with a rationale explaining why. There is also reference to focusing on sustaining or maintaining, rather than improving performance in the current climate, and this must also be accompanied by a rationale.

55   The Council assesses its performance against the previous year and national or other appropriate benchmarks to set targets. However, it uses year-end data to set targets and begins the process in the new year. While this means that targets are based on final data, it also means that target setting is undertaken outside of the service planning process. The target setting process also requires that targets are challenged at scrutiny, CMT, and by the Improvement and Development Team. This appears to be resource intensive, particularly given scrutiny committees could consider targets when they consider service plans. The process therefore represents a duplication of officer and member effort, and a missed opportunity to consider targets in the context of priorities and available resources as part of the planning process that takes place earlier in the year.

Proposals for Improvement
Performance management
• Implement proposed changes to the performance management framework, continuing to engage and review arrangements, and ensure they:
– focus performance reporting on the most important areas;
– make the connection between the activity undertaken across the organisation and outcomes achieved; and
– provide members and senior officers with a more rounded view of performance by setting it in the context of other corporate factors.
• Align the target setting process with the service planning process, to ensure that targets are considered in the context of priorities and resources.

The Council's financial management arrangements are effective, but savings plans and the reporting of savings would benefit from further detail

56   In 2015-16, the Wales Audit Office undertook work in all councils in Wales to assess their financial resilience. The focus of the work was on delivery of 2014-15 savings and financial planning in 2015-16. In our report for the Vale of Glamorgan in April 2016, we concluded that: 'Overall the Council's financial arrangements are effective, but savings plans for future years need to be developed in more detail.'

57   We made three proposals for improvement:

• develop more detailed savings plans to cover the period of the Medium Term Financial Plan (MTFP);

• develop an income generation/charging policy; and

• develop Key Performance Indicators to monitor the MTFP.

The work undertaken as part of this assessment builds on those findings, while recognising the Council has not yet had time to act on the proposals for improvement.

58   The report identified that the Council has a good track record of delivering a balanced budget, albeit that there are some spending variations to planned budget. The majority of in-year savings proposals are delivered as planned, and non-achievement of savings plans from previous years are carried forward, where feasible, to future years.

59   We have also reviewed progress on the 2015-16 planned savings and unachieved savings brought forward from 2014-15. The third quarter monitoring report forecast a projected shortfall in planned savings of £840,000 for 2015-16, which mainly related to savings from proposed service reviews, which had not been started when the 2015-16 budget was approved. The projected shortfall was to be met from additional savings of £982,000 from Prosiect Gwyrdd which were achieved earlier than anticipated. The Council is forecasting a shortfall of £650,000 on the unachieved savings brought forward from 2014-15 of £750,000.

60   When setting its 2016-17 annual budget, the Council reviewed the indicative savings targets for 2016-17 to 2017-18 which were approved when setting its 2015-16 annual budget. For 2016-17 to 2018-19, the Council has identified savings proposals of £17.072 million. This includes £6.89 million that relates to alternative service delivery and efficiency service reviews included in the Council's RSP. Where necessary, these have been re-profiled as the Council considered that it needed further time to implement some of the proposals. As a result of this, the original RSP savings planned for delivery in 2016-17 of £2.25 million have reduced to £1.439 million. Detailed plans to deliver these savings are subject to the development and finalisation of business cases. Given we have made a proposal for improvement relating to the detail of savings plans, we would expect to see earlier development of business cases over the course of the three tranches, so that specific detailed plans are in place prior to the agreement of each annual budget. However, the re-profiling of these savings suggests the Council has reappraised the feasibility of the savings, and has taken a realistic view of what is achievable.

61   In 2015-16, the MTFP was not updated until December 2015, which was later than usual, to allow for the financial implications of the revised Corporate Plan 2016-2020 to be incorporated, thus aligning both plans. While the Council's MTFP does not currently reflect the full period of the Corporate Plan, the Council has an opportunity to align the time periods if it rolls the MTFP forward in the summer.

62   Our previous work also found that there is a framework in place for reviewing and challenging financial performance. The Council reports monthly on budget performance and savings progress to CMT and scrutiny members. Budget monitoring reports include explanations of significant variances to planned budget, planned actions to bring budgets back in line, and progress on the achievement of planned savings. Workstream savings relating to the RSP are also monitored by the RSP Board. However, Cabinet only receives a whole authority report on savings progress on a quarterly basis. Furthermore, while the scrutiny budget monitoring reports reference progress on planned savings, the reports lack sufficient detail to enable members to constructively challenge and understand why specific savings cannot be achieved. The reporting of the Social Services Budget Programme is the exception to this. Therefore, while there is regular reporting of financial information, the Council should provide members with more detailed information that enables them to identify the achievement and non-achievement of specific savings. This will clearly need to fit with the new performance reporting arrangements, and could be through the Corporate Resources and Performance Scrutiny Committee, or through the scrutiny of specific RSP activity.

63   The budget challenges faced by the Council mean that it has to consider both potential cost cutting opportunities and income generation (including charging) opportunities. The Council does not have a corporate income generation/charging policy, and income and charging procedures are currently the responsibility of individual Directorates, but the Council has recognised the need for a more strategic approach. The RSP includes a workstream to review income generation and charging opportunities. The review has now been completed, and the Council has told us that this will be used to inform the development of a corporate income generation/charging policy.

64   The Council has strengthened its approach to budget consultation and raising awareness about the financial challenges it faces. As part of the 2016-17 budget setting process, the Council developed 'Frequently Asked Questions' to provide more information to support informed answers to consultation questions, learning from previous experience. It held briefings with community groups as well as running an online survey. The Council acted on the consultation responses, and the Budget Working Group recommended several changes to the 2016-17 revenue budget, including adding £2 million to meet social care pressures, £430,000 to support the increase in waste recycling, and removing the savings target of £340,000 for the introduction of town centre car parking charges.

Proposals for Improvement

Finance
- Include detailed savings monitoring reports as part of wider budget monitoring reports, and identify those proposals that relate to the Reshaping Services Programme.

The Council recognises ICT as a key means of reshaping services and delivering savings, and is developing a corporate vision and clear objectives for the service

65   The Council sees ICT and digital technology as a key means of reshaping services, and there is a strong expectation that it will deliver cost savings and improvements to services.

66   The Council's aspirations in this area are expressed through the draft Digital Strategy and draft ICT Strategy. The draft Digital Strategy sets out clear objectives and ways of identifying success and, on that basis, has the potential to support future improvement. However, the draft is at an early stage, and it contains insufficient detail at this point.

67   We would expect the ICT Strategy to be a document identifying how the Council intends to use information and technology to deliver its Digital Strategy. However, there is little read-across between the draft ICT and Digital strategies; indeed, the ICT Strategy does not refer to any of the high level objectives contained within the Digital Strategy. It concentrates instead on a description of the current configuration of the ICT service. While it is good practice to have current arrangements in ICT well documented, the current draft ICT Strategy contains too little detail to facilitate effective day-to-day management, yet too much detail for a strategic document. The Council recognises this and intends to address it as part of ongoing work.

68   An ICT service plan is in place, and this is a more suitable vehicle to articulate the day-to-day management objectives for the service, leaving a strategic overview with higher level objectives in the ICT Strategy. These would then support and supplement the overarching vision for digital technology contained within the Digital Strategy.

69   ICT senior staff have a good level of awareness of the future risks facing the Council in terms of external drivers such as local government reorganisation and advances in technology, and there is evidence that these issues are being taken into account in medium-term plans. However, these issues are not adequately set out in the strategic draft documents. There are indications that the Council has already taken on board our suggestion that they should build document control into their key ICT documents to help ensure periodic reviews are undertaken.

70   Working relationships between ICT staff, elected members and the leadership of the Council appear to be positive and productive. There is a good record of ICT action on internal and external audit reports. ICT representatives now sit on all the major RSP projects, and this has brought improvements in terms of earlier involvement of ICT in some of the development activity.

71   The Council is developing a corporate vision for ICT that can inform the ICT and Digital strategies, and the shape of the ICT service. It is important that members and officers have a clear vision for the future of ICT, which is transparent and open to constructive challenge and scrutiny, and includes potential risks to delivery. This is crucial in order to ensure the ICT service is able to deliver, and the Council is able to maximise the benefits of ICT and digital technology as part of its Reshaping Service agenda.

Proposals for Improvement
ICT • Complete work in progress to establish a vision and objectives for the ICT service to enable it to plan and discharge its role as a corporate enabler.

The HR Service is supporting the Council to achieve its priorities, including the Reshaping Services Programme, through a well-developed workforce plan and extensive staff engagement

72   The Council has a strategic Workforce Plan 2016-2020 which 'sets out the anticipated workforce priorities over the next four years'. It includes information on both the Council's workforce profile and the local labour market, as well as wider external factors that are likely to have an influence. It is aligned to the same period as the Corporate Plan and reflects the priorities contained within it, as well as financial considerations set out in the MTFP. The Council has an HR Strategy dated 2013-2017, matching the period of the previous Workforce Plan. It sets out specific actions, outcomes and measures, for example managing staff numbers, where 'low numbers of compulsory redundancies as a percentage of an overall decrease in staffing numbers', together with 'effectiveness of redeployment processes', are key measurements.

73   The Workforce Plan describes how the corporate document should be informed by service level workforce planning. HR supports service level workforce planning through the provision of data and facilitation of meetings. It is intended that more detailed 'service based workforce plans' are developed concurrently with the service planning process. Workforce information is included in 2016-17 service plans, and they include separate 'workforce development priorities', which suggest an understanding of skill requirements and pressures, and are generally reflected in the accompanying action plans.

74   Managers report receiving a proactive and supportive service from HR, and Trade Unions report constructive involvement and engagement. The Council has recently undertaken a structural review of the HR team. It intends to incorporate payroll into the HR function from May 2016, and develop an HR Business Partner and self-service model during 2016-17.

75   A range of HR policies assist managers to manage staff issues and, more recently, some policies have been redrafted to facilitate ease of understanding, and support improved application by managers. This includes the revised Management of Attendance and Disciplinary and Grievance policies and processes. Some new polices have also been developed in response to the changes the Council anticipates in the near future, such as a Succession Planning Policy.

76   Sickness absence targets are set, and sickness absence reports are produced, providing data by Directorate and service area, including statistics on the completion of return to work interviews. Reports are taken to directorate management teams and CMT on a monthly basis, with six-monthly reporting to Cabinet and scrutiny. Scrutiny takes an active role in shaping the Council's response to sickness absence. Incidence of stress related sickness absence has increased and since September 2015 a clear plan of action has been put in place to drive levels down, which includes:

•   individual directorate action plans;

•   tackling the top 50 sickness absence cases;

•   use of Occupational Health to address long-term sickness cases; and

•   toolkits to address the main reason for sickness absence (stress and musculoskeletal conditions).

77   A performance appraisal policy and procedure is in place for all staff with a high rate of completion; in 2015-16, the overall completion rate was high at 97.8 per cent, which is also an improvement on the previous year. Individual directorates returned between 95.7 per cent and 100 per cent.

78   The Training and Organisation Development Manager undertakes sampling of a selection of appraisals and, together with information gathered from various management forums, identifies common training needs across the Council. The intention is to develop a corporate training plan for 2016-17. A skills audit has not yet been undertaken, though the draft Staff Charter sets out the intention to undertake one. While there is no mandatory training identified for core occupational groups, there is a comprehensive corporate induction programme, and it is intended that the skills audit will lead to a 'passport to training'. The Council also approved a revised Member Development Strategy on 7 March 2016. Furthermore, the Council has developed the 'Leadership Café' as a means of developing aspiring leaders and managers from across the organisation. Feedback from workshops and interviews we conducted as part of this assessment was extremely positive.

The Leadership Café is providing a forum for engagement and development of staff from all service areas

Case study

The Council developed its 'Leadership Café' in 2015 as a different type of leadership and management development programme. The aim was to create an informal, café style environment for employees to share their interest in leadership. It was designed to be a low cost alternative to traditional training, whilst also being an open and inclusive programme with no selection requirements.

The Café runs on a voluntary 'after work' basis every third Thursday of every month. It is open to employees who are leaders, aspiring leaders or those simply interested in leadership. Since the Café opened it has covered issues such as:

- The 7 habits of effective leadership
- The power of positive thinking
- The theory of marginal gains
- Emotional Intelligence – what's it all about
- Manager, Leader, Wellbeing Warrior

The Council reports that the number of attendees has increased by over 82 per cent and it has grown to a point where the Council Chamber is full for each session, and pre-booking has become essential.

The Council has found that the Café has highlighted previously untapped skills, and helped to identify the potential leaders for the future.

The value of the Café has been endorsed by Cabinet, and is actively supported by the Corporate Management Team. The Council has hosted colleagues from other local authorities who are keen to adopt a similar model. The Council is proud of the Leadership Café and is keen to build its focus over the coming years and ensure its place as a key part of the Workforce Development Programme.

79   HR has supported the extensive staff engagement programme that commenced in 2015. Up to 75 per cent of staff (excluding school staff) were involved in a range of activities including, briefing sessions, employee surveys, and conferences. This activity has resulted in the development of a 'Staff Charter', which is to be launched following consultation in July 2016, and is regarded as integral to maintaining this momentum of staff engagement and to support implementation of the RSP. The Council has set out its intention to continue involving staff as it seeks to translate the Charter into tangible outputs, and to monitor and test its effectiveness. The Managing Director is visible, attends Directorate Management Team meetings, and is regarded as being a significant driver of staff engagement in the Council. The breadth of engagement activity and the Leadership Café are representative of the open and inclusive way of working that senior leaders want to advance. They have both been recognised as good practice, with the Leadership Cafe winning the 'talent management' award, and the approach to employee engagement winning the 'positive employee relations' award at the Public Sector Personnel Managers Excellence in People Management Awards 2016.

The Council has improved its corporate asset management processes, but work is needed to ensure that all property data, including compliance with building management standards and requirements, is accurately recorded and monitored

80   The Council has a Corporate Asset Management Plan (CAMP) which was updated in July 2015 to cover the period 2015-2018. This clearly demonstrates how assets will support the delivery of corporate objectives. The vision for property is 'to have a lean, sustainable portfolio that is fit for purpose to support service delivery across the Vale'. The vision is supported by five objectives:

• to ensure an efficient, effective, and sustainable use of land and buildings to deliver fit for purpose property to support the Council's service delivery;

• to identify and pursue opportunities to generate capital receipts from the disposal of surplus property;

• to ensure that Premises Managers/Duty Holders manage Council assets so that they comply with appropriate statutory, regulatory, and corporate standards, and are maintained to an appropriate level;

• to ensure that all asset information held is in a user friendly form which is accessible to service providers; and

• to work in partnership and collaborate with other public sector bodies within the Vale of Glamorgan to achieve efficiencies in the use of property assets.

81   The Council also has a Corporate Property Strategy which supports the CAMP and
      has been developed to provide direction for the management of the Council's land
      and property portfolio. The Council's property assets portfolio comprises a diverse
      range of property types and is typical of many local authority property holdings.
      The portfolio contains both freehold and leasehold operational land and buildings,
      together with leased or rented properties where the Council is the Landlord. The
      Council currently generates rent and commercial income of around £500,000 per
      annum.

82   The Council has completed a rolling programme of property reviews which initially
      focused on service area reviews of Education, Social Services and Housing assets.
      In 2015, the Council appointed an external property consultant to carry out a
      strategic review of its remaining key asset classes in order to help maximise their
      use and release efficiencies. The external consultant's report was very positive
      about the Council's management of its assets, but nevertheless identified priority
      actions which are being progressed as projects within the RSP. The Council has a
      programme to implement the priority actions, as agreed by Cabinet.

83   Corporate delivery of the CAMP is supported by structures to provide for effective
      corporate property decisions. The Corporate Asset Management Group (CAMG)
      has cross-directorate representation and includes heads of service and senior
      managers. The Sustainable Working and Carbon Management groups have been
      integrated into the CAMG. The Estates Manager also sits on the Corporate Risk
      Management Group and can highlight any relevant property risks. This provides
      synergy as the CAMG is an operationally and strategically focused forum that
      considers all property matters which affect services and employees. For example,
      capital bids, asset disposals, property requirements, sustainability, and major
      assets projects such as the space project and community asset transfers are
      agenda items. This group makes recommendations to CMT for consideration by
      Cabinet.

84   Service Asset Management Plans (SAMPs) form a key part of the Council's
      delivery arrangements. Services are required to complete annual SAMP
      questionnaires identifying how key service priorities align to corporate priorities,
      how assets impact on current and future service provision, and the suitability and
      sufficiency of assets. This information is used to inform future property decisions
      and to refresh the CAMP. The process has been delayed this year to allow for
      alignment of the CAMP with the revised Corporate Plan.

85   Schools constitute 65 per cent (£181 million) of the value of the Council's overall operational property portfolio. The Council reviewed school assets early in the rolling programme of reviews, and had already rationalised part of the school estate prior to the introduction of the 21st Century Schools Programme. This provided an opportunity to think about developments and amalgamation of schools in a different and more ambitious way. For example, the Penarth Learning Community is a large scale development which has brought three schools together into a central learning hub, which includes mainstream and special needs school places, creating the largest learning facility of its type in Wales.

86   The RSP includes the Space Project which is designed to maximise the use of office space by adapting and using office accommodation in a more flexible way. The central location for staff is seen as a contributor to releasing revenue savings and improving working arrangements. The Council has already successfully rationalised office accommodation at Haydock House and the Dock Office. Based on this model, the Council now plans to maximise office space within the Civic Offices for staff currently located in other buildings. This will deliver estimated planned savings of £525,000 in 2016-17.

87   There is a Local Service Board (LSB) asset management group known as the Partnership Asset Management Board (PAMB) which meets quarterly to consider and share asset plans and property information, and consider alternative uses and sharing of public sector assets within the locality. The forum also provides an opportunity to consider co-location and linking of public sector services, to provide a more cohesive approach to the delivery of those public services needed by the community.

88   Community Asset Transfer (CAT) is a key element of the Council's RSP. The Council has already taken the decision to transfer the running of five libraries to community groups, and is exploring future options for other services and assets under an RSP workstream. Consequently, the Council is seeking to be more proactive and strategic in its approach to CAT. This is to be supported by the development of an amended CAT protocol.

89   The Council has a Disposal Strategy, but does not have significant surplus assets. Therefore, opportunities for disposal and setting targets for capital receipts are limited. Whilst the capital programme includes forecast capital receipts relating to the schools modernisation programme, it does not anticipate receipts in advance for other assets.

90   The Council has a draft Acquisition Strategy that sets out the protocol and processes services must follow prior to occupying new premises. The Council has told us that its finalisation and adoption have been consciously held back to allow for alignment with the new corporate priorities.

91   The Property Service, which includes the estates team, operates at a strategic level. It also has responsibility for directly managing five corporate buildings, alongside a commercial premises portfolio, and the residual small holdings estate. The budget and overall management of all remaining buildings are devolved to services. The team provides a range of core property services as well as advice and support to services. The estates team is confident that the buildings they control comply with health and safety and building management requirements, but are less confident that all buildings are managed in the same way. Consequently, a compliance group has been established to ensure that all buildings managers are made aware of their building management responsibilities and building maintenance requirements.

92   Aspects of asset data are not currently recorded in one place, and work is ongoing to develop a more consistent basis for collating and integrating the asset data and building condition and compliance data. The current system does not meet the CAMP objective: 'To ensure that all asset information held is in a user friendly form which is accessible to service providers.'

Proposals for Improvement
Asset Management • Accelerate the gathering of buildings compliance data for properties under the Council's control, and ensure it is recorded centrally. Thereafter, accelerate premises Managers/Duty Holders compliance training to ensure that all buildings comply with appropriate statutory, regulatory, and corporate standards, and are maintained to an appropriate level.

Relations with partners are good, and collaborative arrangements are bringing benefits to the work of the Council in some key areas, but scrutiny and the pooling of financial resources could be further enhanced

The Local Service Board (LSB) has provided a focus for tackling poverty across the Vale, and has built productive relationships between partners that provide a good foundation for the new Public Service Board, but pooling of resources could be further developed

93   The LSB brings together more than 12 organisations who are engaged in the provision of services across the local authority area. As previously stated, priority outcomes were set within the Community Strategy 2011-2021 and within the Delivery Plan 2014-2018 following a Unified Needs Assessment which was undertaken during 2013. The Community Strategy priority outcomes are a coherent set of objectives that seek to meet key issues across the Vale. They are easy to understand and articulate the vision of the Council and its partners.

94   The LSB has built upon the Welsh Government's Poverty Action Plan – **Building Resilient Communities** to develop three priorities – these are Preventing Poverty, Helping People into Work, and Mitigating Poverty. Harmonising actions in these key areas is supported by partners and is a pragmatic approach to establishing priority actions. Despite establishing a set of priority actions around poverty, the LSB has continued to monitor outcomes around the 10 Community Strategy priority outcomes in the original Community Strategy.

95   External partners are generally positive about the role that the Council plays within the LSB. It is a supportive partner, with staff and members showing commitment to pledging resources to support the work of the LSB. It is seen as being an open, and transparent partner, and governance arrangements are seen as effective.

96   However, there is limited financial information contained within the Delivery Plan to determine how resources will be used on a common basis, or how financial resources will be combined to address the priority outcomes. While there is an effective framework in place to develop effective collaboration, there are few examples of partners combining resources through the work of the LSB, and insufficient evaluation of the success of levering in additional funding. External partners express concerns that priorities agreed at the LSB are not always followed through when the financial implications are considered. In addition, partners express concerns around the RSP and delays in implementation.

97   A Cardiff and Vale joint LSB was established in June 2014. This has been chaired by the Leader of the Vale of Glamorgan Council. This helps to assist in developing common agendas with key partners. The joint LSB arrangements are encouraging high level dialogue around key issues affecting both Councils, and where common agendas and challenges exist.

The Council has made progress on the integration of health and social care and is able to report improvements in processes and outcomes

98   The integration of health and social care is a key area of partnership working which the Council has prioritised. The Council and its partners have put arrangements in place to oversee and deliver joined up services, and are able to report improvements in both processes and outcomes for service users.

99   In 2010, the Council and Cardiff and Vale University Health Board (CVUHB) jointly appointed the Head of Adult Services/Locality Manager. Partners consider this to have been instrumental in facilitating closer working relationships between the two organisations. One example is the Vale's Community Resource Service (VCRS) where there are co-located staff, joint management of health and social care budgets, and a single point of access for intermediate home-based rehabilitation (health) and reablement (social care) service referrals. This team was expanded in 2014 using Regional Collaboration funding, and for 2014-15, the Council reported a 29 per cent reduction in home care hours required following a period of reablement from the VCRS.

100   Regionally, the Cardiff and Vale Integrated Health and Social Care Partnership (IHSC) oversee the work. Other members include Cardiff Council, CVUHB, the third sector and, more recently, the independent sector. There is a clear governance structure that, at its highest level, is represented by the leaders of Cardiff and Vale of Glamorgan Councils, and the Chair of the Health Board.

101   Those interviewed reported that the partnership had become stronger over the past year, and there is a greater will to work together. For example, partners have jointly taken ownership of reducing delayed transfers of care (DToC) following a regional peak in February 2015, resulting in a joint DToC action plan. The local authority National Strategic Indicator (NSI) for DToC shows numbers in the Vale significantly reduced between 2013-14 and 2014-15. During this period, the Council exceeded its own target and the Welsh average, and was able to improve its performance from 18th to 14th in Wales.

102   Whilst there can still be tensions around funding, pooled resources such as the intermediate care fund have greatly benefited joint working, and partners are starting to explore joint commissioning options. To further accelerate the integration of health and social care, partners have now developed a 'fast track implementation plan', and the emerging worksteams are reflected in the IHSC governance structure. In 2016, the partnership jointly appointed an Assistant Director for Integrating Health and Social Care.

103   Risks associated with the integration of health and social care are included in the Council's corporate risk register. This inclusion ensures corporate visibility of the risk. Although progress has been made, the Council recognises that further work is needed in areas such as joint funding and commissioning arrangements, and developing shared ICT systems.

The Council is willing to consider alternative models of service delivery through collaborative arrangements, and is sustaining service delivery as a result

104   The Council has collaborated with neighbouring councils to ensure it can realise efficiencies and maintain the capacity required to deliver. It has established a Shared Regulatory Service (which includes Environmental Health, Trading Standards and Licensing) in partnership with two other councils, and has a Shared Internal Audit service with one other council.

105   The development of the Shared Regulatory Services is seen as a success by the Council, but scrutiny arrangements to cover the entire service have yet to be finalised. The Council has identified this as a necessary next stage of development.

106   Collaboration will inevitably be a key feature of Reshaping Services activity. One example will be the transfer of assets and services to Town and Community Councils and voluntary groups. The Council's relationships with Town and Community Councils are strong, with good communications and a recognition of the benefits that partnership working can bring. A framework has been established for the potential transfer of assets and services. However, partners express concerns that, whilst expressing a general interest, the detail of revenue funding and financial support to take on these assets is currently absent. Without this detailed information, the scope for assessing future liabilities is made more difficult and may inhibit effective transfers of community assets.

Appendix 1 – Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake an annual improvement assessment, and to publish an annual improvement report, for each improvement authority in Wales. This requirement covers local councils, national parks, and fire and rescue authorities.

This report has been produced by staff of the Wales Audit Office on behalf of the Auditor General to discharge his duties under section 24 of the Measure. The report also discharges his duties under section 19 to issue a report certifying that he has carried out an improvement assessment under section 18 and stating whether, as a result of his improvement plan audit under section 17, he believes that the authority has discharged its improvement planning duties under section 15.

Improvement authorities are under a general duty to 'make arrangements to secure continuous improvement in the exercise of [their] functions'. Improvement authorities are defined as local councils, national parks, and fire and rescue authorities.

The annual improvement assessment is the main piece of work that enables the Auditor General to fulfil his duties. The improvement assessment is a forward-looking assessment of an authority's likelihood to comply with its duty to make arrangements to secure continuous improvement. It also includes a retrospective assessment of whether an authority has achieved its planned improvements in order to inform a view as to the authority's track record of improvement. The Auditor General will summarise his audit and assessment work in a published Annual Improvement Report for each authority (under section 24).

The Auditor General may also in some circumstances carry out special inspections (under section 21), which will be reported to the authority and Ministers, and which he may publish (under section 22). An important ancillary activity for the Auditor General is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.

Appendix 2 – Scrutiny feedback

The quality of scrutiny has continued to improve and arrangements are now being revised to ensure a focus on the evaluation of outcomes

We previously observed scrutiny meetings in early 2015 and undertook further observations as part of this assessment. We found that the scrutiny function has operated within a clear framework, with defined roles and responsibilities, generally effective chairing, and good support from Democratic Services.

The Council set out its intention to make changes to its scrutiny arrangements in 2016-17, including restructuring the committees as part of a wider review of its performance management framework. This has since been implemented, and the remits of the five scrutiny committees have been re-designated to reflect the Council's four wellbeing outcomes (set out in the Corporate Plan), while maintaining a single Corporate Resources and Performance scrutiny committee, which receives financial and performance monitoring information. The intention is that scrutiny activity becomes more outcome-focused and considers a wider range of cross-cutting information. Furthermore, the restructuring of committees could help to reduce the duplication of reporting, though this will depend on members and officers having a clear understanding of the 'home' committee for issues and services, and on communication between committee chairs. There will also be further practical changes to improve the committee working arrangements through the ongoing implementation of actions in the Scrutiny Improvement Action Plan. Our conclusions are set in this context, recognising that the Council is already planning to address many of the issues we would otherwise identify for improvement.

The Council has recently developed a Scrutiny and Cabinet Roles and Responsibilities Protocol (as set out in the Scrutiny Improvement Action Plan, in draft at the time of the assessment but since approved) which provides further guidance in order to support an effective scrutiny function. However, the Protocol appears to reflect current arrangements, and could more explicitly reflect the new performance management framework and scrutiny structure. For example, it makes reference to 'monitoring the performance of services within its remit against key targets', rather than having an overview of the outcomes and the wellbeing outcome and objective reports.

The observations conducted as part of this assessment showed there was increased questioning and contributions from all members at certain committees, which shows progress. However, at other committees, there was variation in contributions from members. Furthermore, while we observed insightful questioning that demonstrated members' understanding of the issues, questioning did not appear to be co-ordinated across the committee. Pre-meetings that take place immediately prior to the formal committee meeting can provide an opportunity for members to discuss and agree the intended outcome to be gained from the meeting, key lines of enquiry for questioning, and the approach to questioning the committee intends to take. They can help with the joint planning of activity and questions.[2]

2   **Good Scrutiny? Good Question! Auditor General for Wales improvement study: Scrutiny in Local Government**, Wales Audit Office, 2014.

Members are provided with detailed reports for most items, and they are accompanied by officer presentations that highlight key points. Scrutiny committees receive revenue and capital monitoring reports each month. Accountants attend to present these reports and answer any questions. However, budget monitoring does not provide sufficient detail to enable members to identify why specific savings targets have not been met.

In addition, financial and performance information were being reported separately at the time of the assessment, which does not support consideration of performance in the context of available resources. The proposed changes to performance reporting, which will see the introduction of a balanced set of measures, should align that information.

At the time of the assessment, the Cabinet Forward Work Programme was produced on a quarterly basis. The Scrutiny and Cabinet Roles and Responsibilities Protocol states that it will now be produced to cover a full 12-month period. This is now in place, with an Annual Strategic Forward Work Programme now in place for 2016-17, and already reported to Cabinet. This will better enable scrutiny committees to plan their own work programmes to ensure they are focusing on key issues, and can build in time for policy development through pre-scrutiny, where required.

It is likely that, through its Reshaping Services Programme, the Council will enter into a number of different arrangements with external organisations. Scrutiny will have a role in the early stages by scrutinising proposals, and this should be reflected in Forward Work Plans. Scrutiny will also have a role in scrutinising the delivery of any such new arrangement.

The Council, with its partners, has developed a Joint Committee to oversee the development of the Shared Regulatory Service. It is aware that it now needs to develop scrutiny arrangements for the service.

The Council has developed some mechanisms to increase public participation in the scrutiny process. Members of the public can suggest a topic for scrutiny to consider, and the Council has established a process for members of the public to speak at scrutiny. There is also some interest in increasing webcasting, particularly when issues of public interest are being discussed.

Overall, the changes the Council is in the process of implementing represent an opportunity to ensure scrutiny activity has maximum impact by:

• aligning forward work programmes to focus on key issues;

• freeing up agenda time to focus on a more limited number of items in-depth, thereby increasing efficiency as well as impact; and

• improving the information scrutiny received by aligning financial and performance information with other important information, such as the citizen view, and increasing the focus on outcomes, and supporting consideration of value for money.

Appendix 3 – Annual Improvement Report 2015-16

The work carried out in 2015-16, including that of the 'relevant regulators', is set out below.

Project name	Brief description
Wales Audit Office Financial Resilience Assessment	Review of the Council's financial position and how it is budgeting and delivering on required savings. We concluded that; 'Overall the Council's financial arrangements are effective, but savings plans for future years need to be developed in more detail'. We made three proposals for improvement.
Wales Audit Office Annual 'Improvement Plan' Audit	Review of the Council's published plans for delivering on improvement objectives which confirmed the Council is complying with statutory requirements.
Wales Audit Office Annual 'Assessment of Performance' Audit	Review of the Council's published performance assessment, which confirmed the Council is complying with statutory requirements.
National reports	• The financial resilience of councils in Wales • Community safety partnerships • Income generation and charging • Council funding of third-sector services
Wales Audit Office Audit of Accounts	Review the Council's financial statements which concluded they give a true and fair view of its financial position and transactions.
Estyn Monitoring Visit	The Vale of Glamorgan Council was judged to have made sufficient progress in relation to the recommendations following the inspection of May 2013. As a result, Her Majesty's Chief Inspector of Education and Training in Wales (Estyn) considered that the authority no longer required Estyn monitoring.
CSSIW Performance Evaluation Report 2014-15	CSSIW's review of the Council's performance in both Adults' and Children's Social Services.
Welsh Language Commissioner review	The Welsh Language Commissioner issued a Compliance Notice to the Council on 30 September 2015, setting out the standards it must comply with, and the timescales.

Wales Audit Office

24 Cathedral Road

Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru

24 Heol y Gadeirlan

Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn Testun: 029 2032 0660

E-bost: post@archwilio.cymru

Gwefan: www.archwilio.cymru