



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

# Annual Improvement Report 2014-15

## Bridgend County Borough Council

Issued: September 2015

Document reference: 452A2015



This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Steve Barry and Helen Keatley under the direction of Jane Holownia.

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The Auditor General audits local government bodies in Wales, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. He also conducts local government value for money studies and assesses compliance with the requirements of the Local Government (Wales) Measure 2009.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Assembly Commission and National Health Service bodies in Wales.

The Auditor General and staff of the Wales Audit Office aim to provide public-focused and proportionate reporting on the stewardship of public resources and in the process provide insight and promote improvement.

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# Summary report

## Purpose of this report

- 1 Each year, the Auditor General is required to audit the improvement planning and reporting arrangements of Welsh councils, fire and rescue authorities and national park authorities, and to assess whether each authority will meet statutory continuous improvement duties<sup>1</sup>. This work has been undertaken on behalf of the Auditor General by staff of the Wales Audit Office. [Appendix 1](#) provides more information about the Auditor General's powers and duties in local government.
- 2 In addition, the Auditor General undertakes an in-depth corporate assessment at each authority on a cyclical basis (currently at least once every four years). In the intervening years, in addition to audits of improvement planning and reporting, the Wales Audit Office, on behalf of the Auditor General, will keep track of developments and focus further assessment work on a number of key themes, developed in discussion with each authority.
- 3 This Annual Improvement Report (AIR) summarises the audit work undertaken at Bridgend County Borough Council (the Council) since the last such report was published in May 2014. This report also includes a summary of the key findings from reports issued by 'relevant regulators', namely: the Care and Social Services Inspectorate Wales (CSSIW); Her Majesty's Inspectorate for Education and Training in Wales (Estyn); and the Welsh Language Commissioner (the Commissioner). Nonetheless, this report does not represent a comprehensive review of all the Council's arrangements or services. The conclusions in this report are based on the work carried out at the Council by relevant external review bodies and, unless stated otherwise, reflect the situation at the point in time that such work was concluded.
- 4 Taking into consideration the work carried out during 2014-15, the Auditor General will state in this report whether he believes that the Council is likely to make arrangements to secure continuous improvement for 2015-16.
- 5 This statement should not be seen as a definitive diagnosis of organisational health or as a prediction of future success. Rather, it should be viewed as providing an opinion on the extent to which the arrangements currently in place are reasonably sound insofar as can be ascertained from the work carried out.
- 6 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](mailto:info@audit.wales) or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.

<sup>1</sup> Duties and requirements contained within the Local Government (Wales) Measure 2009 (the Measure).

The Council continued to make progress in delivering improvements in its priority areas and recognises the need to support improvement of children’s services; its forward planning arrangements and track record suggest it is well placed to secure improvement in 2015-16

7 The Auditor General has based this conclusion on the performance audit work carried out during the year by the Wales Audit Office and the inspection work of other regulators. The projects undertaken, together with the resultant findings and proposals for improvement, are summarised below.

2014-15 performance audit work

8 In determining the breadth of work undertaken during the year, we considered the extent of accumulated audit and inspection knowledge as well as other available sources of information including the Council’s own mechanisms for review and evaluation. For 2014-15, we undertook improvement assessment work under three themes: performance; use of resources; and governance. Individual projects undertaken by the Wales Audit Office and the other regulators during the year included:

Project name	Brief description	Dates [when the work was carried out]
<b>Wales Audit Office Study of Performance Management Arrangements</b>	The effectiveness of the Council’s performance management arrangements.	October to December 2014
<b>Wales Audit Office Study: Delivering with Less: The Impact on Environmental Health Services and Citizens</b>	All-Wales review of the impact of financial pressures on the environmental health services and citizens.	April 2014 to January 2015
<b>Wales Audit Office Review of Discretionary Housing Payments</b>	The Council’s performance and effectiveness in administering Discretionary Housing Payments (DHP).	January to March 2015
<b>CSSIW Performance Evaluation Report 2013-14</b>	CSSIW’s review of the performance of the Council’s adult and children’s services.	April to October 2014
<b>Estyn Monitoring Visits</b>	An update on the Council’s progress to address areas requiring improvement as identified by Estyn in October 2012.	March 2014 and December 2014

Project name	Brief description	Dates when the work was undertaken
<b>Welsh Language Commissioner Review</b>	A review of the Council's adherence to Welsh language standards.	July to August 2014
<b>Wales Audit Office Study: Financial Planning Review</b>	Review of the Council's financial position and how it is budgeting and delivering on required savings.	July to September 2014
<b>Wales Audit Office Study: Arrangements for Identifying and Making Savings</b>	The effectiveness of the Council's current and planned future approach – to making savings.	January to March 2015
<b>Wales Audit Office Evaluation of Alternative Models of Service Delivery</b>	An assessment of how well prepared the Council is to evaluate future options for service delivery.	April to July 2015
<b>Wales Audit Office Study: Arrangements to Support Safeguarding of Children</b>	All-Wales review of councils' arrangements to support the safeguarding of children; includes review of the Council's whistleblowing arrangements.	April to October 2014
<b>Wales Audit Office Annual 'Improvement Plan' Audit</b>	Review of the Council's published plans for delivering on improvement objectives.	April to June 2014
<b>Wales Audit Office Annual 'Assessment of Performance' Audit</b>	Review of the Council's published performance assessment, including testing and validation of performance information.	October/November 2014
<b>Audit of Accounts</b>	Review of the Council's financial statements and whether they give a true and fair view of the financial position of the Council and of its expenditure and income for the year.	April to November 2014

## Headlines – a summary of key findings

- 9 The table below summarises the key findings of work undertaken by the Wales Audit Office, and the other regulators, in 2014-15.

Theme	Study
<b>Performance</b>	<p><b>Wales Audit Office:</b> Performance management arrangements. National indicators for 2013-14 showed a mixed picture of performance with a particular fall in performance in children's services indicators. The Council is continuing to focus improvement activity in the right areas and refining its reporting systems.</p> <p><b>Estyn's</b> final monitoring visit took place in December 2014 and found the Council had made significant progress in implementing the 2012 inspection recommendations and that no further monitoring was required.</p> <p><b>CSSIW</b> identified the Council had made some progress in addressing key areas for improvement but significant challenges remain.</p> <p><b>Wales Audit Office:</b> The Council is delivering most aspects of environmental health services above or at minimum standard.</p> <p><b>Wales Audit Office:</b> The Council made good progress in committing its DHP but it is not able to judge the effectiveness of its work in addressing the impact of welfare reform.</p> <p><b>Welsh Language Commissioner:</b> The Council continues to take action to extend the provision of Welsh in the delivery of its services.</p>
<b>Use of resources</b>	<p><b>Wales Audit Office:</b> The Council has complied with its responsibilities relating to financial reporting and use of resources.</p> <p><b>Wales Audit Office:</b> The Council is maintaining a robust approach to its Medium Term Financial Strategy.</p> <p><b>Wales Audit Office:</b> Council arrangements for identifying and making savings demonstrate most of the factors required for achieving success.</p>
<b>Governance</b>	<p><b>Wales Audit Office:</b> The Council has successfully adopted alternative methods of service delivery in the past, is currently managing them effectively and is exploring options for the future.</p> <p><b>Wales Audit Office:</b> Arrangements for meeting safeguarding responsibilities to children were adequate.</p>
<b>Improvement planning and reporting audits</b>	<p><b>Wales Audit Office:</b> The Auditor General issued audit certificates stating that the Council had discharged its duties under the Local Government (Wales) Measure 2009 (<a href="#">Appendices 2 and 3</a>).</p>
<b>Audit of accounts</b>	<p><b>Wales Audit Office:</b> On 10 November 2014, the Appointed Auditor issued an Annual Audit Letter to the Council. The letter summarises the key messages arising from his statutory responsibilities under the Public Audit (Wales) Act 2004 and his reporting responsibilities under the Code of Audit Practice. The Appointed Auditor issued an unqualified opinion on the Council's accounting statements confirming that they present a true and fair view of the Council's financial position and transactions (<a href="#">Appendix 4</a>).</p>

## Proposals for improvement and recommendations

- 10 Given the wide range of services provided by the Council and the challenges it is facing, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
  - a make proposals for improvement – if proposals are made to the Council, we would expect it to do something about them and we will follow up what happens;
  - b make formal recommendations for improvement – if a formal recommendation is made, the Council must prepare a response to that recommendation within 30 working days;
  - c conduct a special inspection and publish a report and make recommendations; and
  - d recommend to Ministers of the Welsh Government that they intervene in some way.
- 11 During the course of the year, the Auditor General did not make any formal recommendations. However, lower-priority issues, known as proposals for improvement, are contained in our other reports but may be referred to later on in this report. We will continue to monitor proposals for improvement during the course of our improvement assessment work.
- 12 The Auditor General also makes recommendations that may be relevant to councils in his local government national reports. A list of relevant recommendations contained in reports issued in 2014-15 can be found in [Appendix 5](#).



## Proposals for improvement

### Proposals for improvement

#### Performance

- P1 Explain the reason for an improvement target and the scale of improvement expected.
- P2 Review 'measures of success' to ensure they enable an evaluation of intended performance and that the explanation of performance is based upon that measure.

#### Resources

##### Medium Term Financial Strategy

- P3 Further refine 'dashboard' reporting arrangements to enable evaluation of the impact of financial reductions on service quality.
- P4 Include more details within the Medium Term Financial Strategy about how it addresses each improvement objective; this would allow the Council to illustrate investment in areas relating to its improvement priorities.

##### Savings Strategy

- P5 The Council should clarify its medium-term vision and what this means for corporate priorities and the future shape of the Council so that managers can better plan for service changes and cost reductions.
- P6 The Council should encourage the wider use of management information by service managers to inform potential savings plans.

#### Governance

##### Alternative methods of service delivery

- P7 Establish preferred options at service level based on the Council's values as a means of providing guidance for options appraisal.
- P8 If alternative methods of delivery are to be pursued, ensure strategies provide clarity of purpose and are supported by clear measures of success.
- P9 Evaluate the skills and knowledge required to successfully negotiate change of this nature and the means by which the Council will secure such skills and knowledge.

##### Safeguarding

- P10 Finalise a Corporate Safeguarding Policy that clearly specifies roles, responsibilities and procedures for safeguarding.
- P11 Complete the Social Care Strategic Improvement Board review of performance information and produce measures that provide adequate assurance that systems are working effectively.
- P12 Ensure that the corporate induction programme for all new staff includes training on safeguarding and child protection issues and the Council's corporate policy on safeguarding.
- P13 Identify and agree an appropriate internal audit programme of work for safeguarding.

## Detailed report

The Council continued to make progress in delivering improvements in its priority areas and recognises the need to support improvement of children's services; its forward planning arrangements and track record suggest it is well placed to secure improvement in 2015-16



# Performance

## National indicators for 2013-14 showed a mixed picture of performance with a particular fall in performance in children's services indicators

- 13 The Welsh Government requires all councils to report on a common set of indicators to enable a comparison of performance in key service areas across Wales. Thirty national strategic indicators have been set that cover the Welsh Government's strategic priorities. Councils in Wales have also adopted 14 public accountability measures because they reflect issues of local importance such as support for carers, school attendance and the condition of highways.
- 14 In summary, of the total of 43 indicators and measures where a comparison can be made, results for 2013-14 showed the Council:
  - a was ranked in the top six in Wales for 10 of the 43 indicators;
  - b was ranked in the bottom six in Wales for 17 of the 43 indicators;
  - c improved in 22 of the 43 indicators compared to the previous year;
  - d declined in 21 of the 43 indicators, most notably across children's services indicators; and
  - e achieved significant improvement in three indicators.
- 15 The data has to be treated with caution because it does not necessarily indicate the quality of service provided, nor does it alone, demonstrate that the Council is making the best use of available resources.
- 16 Last year, we reported that the Council had introduced a new performance management framework and that the majority of service management teams were carrying out effective performance reviews. In the past year, the Council has driven further development of these arrangements with a view to ensuring consistency of approach and improving the collection of performance information. Given continuing financial pressures, the Council is also seeking to bring together financial and service delivery information so that it is better able to assess the impact of reduced funding and how effectively it is using its resources.
- 17 In its own performance report, the Council used national indicators and local success measures to help assess performance. Our review of the Council's assessment of its performance last year identified further opportunities for refining systems and introducing greater rigour to performance assessment by:
  - a Being clearer about the reason for setting an improvement target. For example, clarity about whether a target is being set with the objective of achieving 'top' performance; sustaining performance with reduced resources; or to drive relative improvement against previous Council performance.

- b Being more specific about the scale of improvement expected by explaining by 'how much' and 'how well'. For example, the Council reported the proportion of people aged 16 to 18 not in education, employment or training reduced by 2.7 per cent between 2011-12 and 2012-13. The aim was to reduce the proportion so although a reduction was achieved it is not clear whether this was in line with what the Council intended. By specifying the scale of improvement sought, together with the standard expected, the Council will be better placed to assess resource requirements to drive improvement and to make decisions about its priorities in the context of the resources it has available.
- c Reviewing the 'measures of success' and ensuring that the explanation of performance is clearly based upon that measure. For example, the Council has a measure of success that the 'number of visitors to the borough increases' but what it actually reports is the number of visitors to Bridgend town centre and to Porthcawl.

## Proposals for improvement: performance

P1	Explain the reason for an improvement target and the scale of improvement expected.
P2	Review 'measures of success' to ensure they enable an evaluation of intended performance and that the explanation of performance is based upon that measure.

## The Council is driving improvement in education

- 18 Reflecting its priorities, the Council has sought to provide a degree of protection to education budgets as part of its overall Savings Strategy. Stats Wales data for 2013-14 shows the gross revenue out-turn expenditure on education at £125,811,000. Taking account of inflation, in real terms out-turn expenditure on education<sup>2</sup> has remained relatively stable since 2011-12.
- 19 The Council was subject to Estyn monitoring, following the outcome of an inspection in October 2012. Estyn's final monitoring visit, which took place in December 2014, found the Council had made significant progress in implementing the inspection recommendations and that no further monitoring was required.
- 20 Estyn found that the Council has put arrangements in place to support pupils and schools and improve performance. The Council has continued to prioritise 'driving up educational achievement' in its corporate improvement plan for 2014-15.

<sup>2</sup> As measured by Treasury GDP deflators April 2015.

- 21 Furthermore, Estyn noted that over the last two years the rate of improvement for most indicators has been faster than the Wales average. Performance on the Foundation Phase indicator and the main indicators at key stages 2, 3 and 4 that included English or Welsh first language and mathematics were all close to the Welsh averages in 2014. The numbers of pupils achieving five good GCSEs, including English or Welsh first language and mathematics, improved on the previous year, though was 0.7 per cent below the Wales average.

## The Council has made some progress in addressing the key areas for improvement identified by the Care and Social Services Inspectorate Wales but significant challenges remain

- 22 Stats Wales data for 2013-14 shows the gross revenue out-turn expenditure on social services was £72,914,000. Taking account of inflation, in real terms out-turn expenditure on social services<sup>3</sup> has reduced by £7,096,000 since 2011-12.
- 23 The CSSIW publishes an annual review and evaluation of Council social services, which sets out key areas of progress in the previous year and areas for future improvement. The most recent report about the Council was published in October 2014 and is available at [www.cssiw.org.uk](http://www.cssiw.org.uk).
- 24 The CSSIW reported that the Council has continued to work towards its change agenda and the development of new models of service delivery, in line with the expectations of the Social Services and Wellbeing (Wales) Act 2014.
- 25 The Council has experienced a number of changes to the corporate management team with new appointments to the roles of statutory director of social services and corporate director for children.
- 26 The Council faces particular challenges in respect of improving children's services and is taking action to tackle this. As well as monitoring some of the areas for improvement following on from the previous year, the CSSIW has also identified further challenges facing the service for 2014-15 and will be reviewing progress in its 2015 evaluation report.

## The Council is delivering most aspects of environmental health services above or at minimum standard

- 27 'Local environmental services' include environmental health; waste collection and disposal; street cleansing; and cemeteries, cremation and mortuary services. Stats Wales data for 2013-14 shows the gross revenue out-turn expenditure on local environmental services was £16,176,000. In real terms, revenue out-turn expenditure on local environmental services has reduced by £1,715,000<sup>4</sup> since 2011-12.

<sup>3</sup> As measured by Treasury GDP deflators April 2015.

<sup>4</sup> As measured by Treasury GDP deflators April 2015.

- 28 During 2014, the Auditor General undertook a study of environmental health services across Wales. The study made use of a Best Practice Standards model against which Council officers were asked to evaluate their services. These standards have been adopted by the Chartered Institute of Environmental Health and the all Wales Heads of Environmental Health Group to further define the range of statutory and discretionary environmental health services delivered by councils in Wales. The standards define activity in each of the service areas and set out the characteristics that constitute: a minimum standard service; a good standard of service; and best practice in each of the areas. These broadly reflect the statutory obligations for all environmental health services covering 11 areas of activity.
- 29 Our local summary report was issued to the Council in January 2015. In most environmental health areas, the Council is delivering services that are above minimum standard. Overall, the Council is delivering:
- a 25 per cent of environmental health services to the highest standard compared to an all Wales average of 37 per cent;
  - b 19.9 per cent assessed as being delivered to a good standard compared to an all-Wales average of 30 per cent;
  - c 27.8 per cent at the minimum standard of service set compared to an all-Wales average of 22 per cent;
  - d 5.2 per cent below the minimum standard; and
  - e 22.1 per cent of the services covered were not included within the environmental health services audited.

### The Council made good progress in committing its discretionary housing payments but it is not able to judge the effectiveness of its work in addressing the impact of welfare reform

- 30 The Welfare Reform Act 2012 required significant changes to the administration and distribution of benefits and will have a major impact on many citizens. In April 2011, the UK Government embarked on a programme of reform, which will culminate with the phased introduction of universal credit between October 2013 and 2017. A major focus of the UK government's plans are changes to housing benefit, which are aimed at reducing national annual expenditure by around £2.3 billion.
- 31 In January 2015, the Auditor General published his report on how well councils are managing the impact of welfare reform changes on social housing tenants in Wales. His report reviewed the management and use of DHP<sup>5</sup> by councils in Wales and concluded that the allocation, distribution, administration and use of these payments have significant inconsistencies and weaknesses. Work was also undertaken to review implementation of changes by councils and feedback provided to the Council is being used to improve arrangements locally.

<sup>5</sup> A discretionary housing payment is a payment people may receive at the discretion of their local authority to provide extra help with housing costs on top of housing benefit.

- 32 In summary, our local feedback identified:
- a The need for a publically available Council policy on DHP that explains how the Council prioritises DHP to supports its work on addressing the impact of welfare reform changes.
  - b The Council's online application form is easy to access but information is limited and only provides basic advice with few examples of what DHP can be used to fund.
  - c The application form is lengthy (eight pages) and asks for detailed information about income and expenditure, which is used to profile the customer's spending patterns. The level and detail of information requested may prevent some applicants from applying because it is could be perceived as onerous.
  - d Positively, the application form can be completed online and submitted to the Council by email. Housing associations have also been provided with an electronic copy of the application form and DHPs are extensively promoted by customer services and housing benefit staff to encourage take-up.
- 33 The Council has systems in place to monitor the amount spent against the amount of money provided by the Department for Work and Pensions. The Council also monitors how many customers have been helped but does not note how many landlords have been assisted to ensure there is good coverage across all sectors and areas. Neither does the Council monitor the impact of DHP payments nor how these funds have helped social housing tenants affected by, for example, the spare room subsidy or those threatened with becoming homeless.
- 34 At the end of January 2015, the Council had spent £302,642 (97 per cent) of its £310,253 allocation from the Department of Works and Pensions. The Council has assisted 890 customers. This indicates that the Council is positively trying to use DHP to support those who need it but needs to link DHP into a wider strategic welfare policy to better demonstrate the impact of its work. In April 2015, most councils in Wales agreed to adopt a uniform approach to the future distribution of DHP payments, in part to address the significant inconsistencies and weaknesses identified in our review.

## The Council continues to take action to extend the provision of Welsh in the delivery of its services

- 35 The role of the Commissioner was created by the Welsh Language (Wales) Measure 2011. New powers to impose standards on organisations came into force through subordinate legislation on 31 March 2015. The Commissioner will continue to review Welsh language schemes by virtue of powers inherited under the Welsh Language Act 1993.

- 36 The Commissioner works with all councils in Wales to inspect and advise on the implementation of language schemes. It is the responsibility of councils to provide services to the public in Welsh in accordance with the commitments in their language schemes. Every council is committed to providing an annual monitoring report to the Commissioner outlining its performance in implementing the language scheme. The Commissioner analyses every monitoring report, provides a formal response and collects further information as required.
- 37 The Commissioner reported that an exercise to collect better data about the linguistic skills of staff had been initiated and completed by the end of March 2015. The updated information is to be utilised during the implementation of the Council's Welsh language training plan. The Youth Service held a consultation, in order to identify gaps in provision and to ensure that the linguistic needs of its users are catered for.
- 38 The Adult Social Care Service revisited the issue of external providers' compliance with the requirements of the Welsh Language Scheme, and found evidence of a general improvement in comparison to the findings that were noted during 2012-13.
- 39 The Council has worked in conjunction with Urdd Gobaith Cymru and contributed to the costs of financing an apprentice, in order to provide a range of Welsh-medium sports and exercise classes (including swimming lessons) for children. This provision will be expanded during 2014-15.



# Use of resources

## The Council has complied with its responsibilities relating to financial reporting and use of resources (audit of the Council's accounts)

- 40 On 10 November 2014, the Appointed Auditor issued an Annual Audit Letter to the Council. The letter summarises the key messages arising from his statutory responsibilities under the Public Audit (Wales) Act 2004 and his reporting responsibilities under the Code of Audit Practice. The Appointed Auditor issued an unqualified opinion on the Council's accounting statements confirming that they present a true and fair view of the Council's financial position and transactions. The Annual Audit Letter can be found in [Appendix 4](#) of this report.

## The Council is maintaining a robust approach to its Medium Term Financial Strategy

- 41 In previous annual reports, we have identified positive practice in the Council's medium-term financial management and over the past year, the Council has further refined its arrangements. The Council approved its Medium Term Financial Strategy for 2015 to 2019 on 25 February 2015. The strategy identifies proposals for £39.4 million of the £48.8 million required reductions, including all of the £11.2 million required in 2015-16.
- 42 The Council regularly reviews its Medium Term Financial Strategy and the assumptions made within it. The Medium Term Financial Strategy is linked to other strategies, although the link with the Workforce Planning Strategy could be strengthened and clarified. The Council could also include more information as to how investment is helping the Council achieve its improvement priorities. The Council is also in the process of refining performance reporting arrangements to enable it to more easily identify how service savings are impacting upon service delivery.

## Proposals for improvement: Medium Term Financial Strategy

P3	Further refine 'dashboard' reporting arrangements to enable evaluation of the impact of financial reductions on service quality.
P4	Include more details within the Medium Term Financial Strategy about how it addresses each improvement objective; this would allow the Council to illustrate investment in areas relating to its improvement priorities.

## Council arrangements for identifying and making savings demonstrate most of the factors required for achieving success

- 43 The Council's Medium Term Financial Strategy sets out how the Council plans to use its resources over the next four years to support the achievement of its corporate priorities and statutory duties. The Council has estimated that it must find £48.8 million of savings over the next three years. The budget reductions are challenging and a number of proposals are dependent on changing the way in which services are provided. As part of this savings requirement, the budget for 2014-15 includes reductions of £11.274 million. The Council has established a Bridgend Change Programme to help it meet its savings and service change commitments.
- 44 The Council's Budget Research and Evaluation Panel reviews budget proposals, focusing specifically on the budget pressures and budget savings proposals for the year ahead. In view of the scale of savings needed, enhanced budget and performance monitoring has been introduced. The Council requested that we tested the enhanced arrangements for their effectiveness.
- 45 We tested arrangements against three key factors that research has shown supports effective savings programmes:
- a The quality of leadership, assessing whether there was evidence of:
    - effective executive-level sponsorship able to overcome internal barriers and build an appetite for change; and
    - the political will to be bold, open minded and not restricted to a narrow view of what can, or should, be changed.
  - b The quality of governance arrangements, assessing whether there was evidence of:
    - strong governance of the savings programme with senior level oversight and effective reporting structures;
    - a dedicated resource to manage the savings programme, for example a clearly accountable programme manager and programme support; and
    - 'tools' to allow effective management of the programme, for example an opportunities tracker, a validation process, a risks log and benefits tracking.
  - c The quality of challenge, assessing whether there was evidence of:
    - sufficient independent challenge that ensured an open-minded approach when considering options;
    - analysis that identifies service minimums (standards and costs) before deciding on changes;
    - benchmarking and learning from others; and
    - strong business cases that allowed informed decision making.

- 46 We found strengths in leadership in respect of elected members and managers understanding the savings they need to make in the medium term and an appetite for change. We also identified a need to establish a vision of the future shape of the Council and the impact on corporate priorities so that members and managers can base planning for service changes and cost reductions upon this vision. The Council has recognised this and has been reviewing its corporate priorities.
- 47 We found that the Council had sound governance arrangements in place for managing its savings programme. The Council uses a savings programme tracker that is reviewed on a monthly basis by each directorate, every six weeks by the Senior Management Team collectively (ie corporate directors plus heads of service), and quarterly via the Corporate Performance Assessment process. Quarterly budget monitoring reports are submitted to, and reviewed by, Cabinet and scrutiny. The Council has a good track record of delivering identified savings within year against the planned actions it approved and an effective corporate framework which links corporate objectives to financial planning.
- 48 We found some strengths in a challenge process that included Cabinet members, Scrutiny members and senior managers in the consideration and development of options. This has included a recognition of the need to include additional detail about proposals to explain their impact, so that members can better understand the likely impact on service. Like many other councils, the Council has also recognised the need to develop a thorough understanding of what each service costs, related to the service standard provided and its performance, and compared to other similar service providers. Whilst the Council has a robust approach to performance monitoring, there is inconsistent use of management information such as unit costs, and caseload comparators to determine the costs of services and inform decision making.
- 49 We made two proposals for improvement:

## Proposals for improvement: Savings Strategy

### Leadership

- P5 The Council should clarify its medium-term vision and what this means for corporate priorities and the future shape of the Council so that managers can better plan for service changes and cost reductions.

### Challenge

- P6 The Council should encourage the wider use of management information by service managers to inform potential savings plans.

# Governance

## The Council has successfully adopted alternative methods of service delivery in the past, is currently managing them effectively and is exploring options for the future

- 50 The Council has recognised that the prospect of continuing significant financial pressures brings with it the need to consider the possibility of changing methods of service delivery in order to achieve the required savings and ultimately long-term financial sustainability. Legislative changes are also drivers to change. For example, the Wellbeing of Future Generations Act 2015 requires the Council to think more about the long term, work with people and communities and other agencies, looking to prevent problems and take a more joined-up approach.
- 51 The Council requested that we assess its readiness for considering alternative methods of service delivery. In order to do so, we looked at the Council's track record, how well it was managing services that were currently being delivered by other means and how new options were being assessed.
- 52 We found that the Council:
- a has successfully adopted alternative models of service delivery in the past;
  - b has effective arrangements in place to review performance of services being delivered by alternative methods; and
  - c is open minded about initial suggestions for alternative options of service delivery.

## Proposals for improvement – alternative methods of service delivery

P7	Establish preferred alternative delivery options at service level based on the Council's values as a means of providing guidance for options appraisal.
P8	If alternative methods of delivery are to be pursued, ensure strategies provide clarity of purpose and are supported by clear measures of success.
P9	Evaluate the skills and knowledge required to successfully negotiate change of this nature and the means by which the Council will secure such skills and knowledge.

## Arrangements for meeting safeguarding responsibilities to children were adequate

- 53 The Council has a statutory duty to have in place safeguarding arrangements, which include strategic planning, support and guidance for all providers of relevant services in its area, and the direct provision of some services itself. In particular, it has a duty to work in partnership with others to secure the safeguarding and well-being of children in their area, principally by means of the Local Safeguarding Children Board.
- 54 The Auditor General undertook a national study to assess the safeguarding arrangements councils in Wales have in place. The study also included the provision of individual reports to each council.
- 55 The study found strengths in the Council's arrangements but also identified areas where they could be improved. Strengths included:
- a The use of the All Wales Policies and Procedures to guide work on safeguarding of children. This was supported by a suite of related policies and procedures. These include policies for grievance, disciplinary, adult education safeguarding and taxi licensing. A Corporate Safeguarding Policy was being developed and the aim is to emphasise that safeguarding is 'everyone's business'.
  - b Various systems were in place to monitor, review and challenge performance. The Council's Social Care Strategic Improvement Board was reviewing the performance information it uses to evaluate how well it is performing with the aim of identifying more meaningful measures to judge success.
  - c Scrutiny arrangements for safeguarding were good and the Chair of the Children and Young People Overview and Scrutiny Committee was aware of the importance of safeguarding. There was evidence of this committee influencing policies and strategies agreed by the Portfolio Lead for Children.
  - d The senior leadership team had a good awareness of safeguarding and the subject is a standing item on each joint Corporate Management Board and Cabinet monthly meeting.
  - e There was evidence that the Council was learning from its evaluations and making improvements accordingly.
  - f The Council was taking appropriate action to improve its compliance with data protection legislation.
  - g Overall, whistleblowing arrangements were generally sound, but some weaknesses in training needed to be addressed. Clear guidelines for managers on application of the policy have also been published.

## Proposals for improvement: safeguarding

P10	Finalise a Corporate Safeguarding Policy that clearly specifies roles, responsibilities and procedures for safeguarding.
P11	Complete the Social Care Strategic Improvement Board review of performance information and produce measures that provide adequate assurance that systems are working effectively.
P12	Ensure that the corporate induction programme for all new staff includes training on safeguarding and child protection issues and the Council's corporate policy on safeguarding.
P13	Identify and agree an appropriate internal audit programme of work for safeguarding.

# 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 – Audit of the Council’s 2014-15 Improvement Plan

## Certificate

I certify that I have audited Bridgend Council’s (the Council) Improvement Plan in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Council has discharged its duties under section 15(6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

## Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to prepare and publish an Improvement Plan describing its plans to discharge its duties to:

- make arrangements to secure continuous improvement in the exercise of its functions;
- make arrangements to secure achievement of its improvement objectives; and
- make arrangements to exercise its functions so that any performance standard specified by Welsh Ministers is met.

The Measure requires the Council to publish its Improvement Plan as soon as is reasonably practicable after the start of the financial year to which it relates, or after such other date as Welsh Ministers may specify by order.

The Council is responsible for preparing the Improvement Plan and for the information set out within it. The Measure requires that the Council has regard to guidance issued by Welsh Ministers in preparing and publishing its plan.

As the Council’s auditor, I am required under sections 17 and 19 of the Measure to carry out an audit of the Improvement Plan, to certify that I have done so, and to report whether I believe that the Council has discharged its duties to prepare and publish an Improvement Plan in accordance with statutory requirements set out in section 15 and statutory guidance.

## Scope of the Improvement Plan audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information, or whether the Improvement Plan published by the Council can be achieved. Other assessment work that I will undertake under section 18 of the Measure will examine these issues. My audit of the Council’s Improvement Plan, therefore, comprised a review of the plan to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the plan complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing its plan.



The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

Huw Vaughan Thomas

**Auditor General For Wales**

CC: Leighton Andrews, Minister for Local Government and Government Business

Steve Barry, Manager

Helen Keatley, Performance Audit Lead

# Appendix 3 – Audit of the Council’s assessment of 2013-14 performance

## Certificate

I certify that I have audited Bridgend Council’s (the Council) assessment of its performance in 2013-14 in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Council has discharged its duties under sections 15(2), (3), (8) and (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

## Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to annually publish an assessment which describes its performance:

- in discharging its duty to make arrangements to secure continuous improvement in the exercise of its functions;
- in meeting the improvement objectives it has set itself;
- by reference to performance indicators specified by Welsh Ministers, and self-imposed performance indicators; and
- in meeting any performance standards specified by Welsh Ministers, and self-imposed performance standards.

The Measure requires the Council to publish its assessment before 31 October in the financial year following that to which the information relates, or by any other such date as Welsh Ministers may specify by order.

The Measure requires that the Council has regard to guidance issued by Welsh Ministers in publishing its assessment.

As the Council’s auditor, I am required under sections 17 and 19 of the Measure to carry out an audit to determine whether the Council has discharged its duty to publish an assessment of performance, to certify that I have done so, and to report whether I believe that the Council has discharged its duties in accordance with statutory requirements set out in section 15 and statutory guidance.

## Scope of the audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information. Other assessment work that I will undertake under section 18 of the Measure may examine these issues. My audit of the Council's assessment of performance, therefore, comprised a review of the Council's publication to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the assessment complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing it.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

Huw Vaughan Thomas

### **Auditor General For Wales**

CC: Leighton Andrews, Minister for Local Government and Government Business

Steve Barry, Manager

Helen Keatley, Performance Audit Lead

# Appendix 4 – Annual Audit Letter

Councillor M E J Nott  
The Leader  
Bridgend County Borough Council  
Civic Offices  
Angel Street  
Bridgend  
CF31 4WB

Dear Councillor Nott

## **Annual Audit Letter – Bridgend County Borough Council 2013-14**

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor and my reporting responsibilities under the Code of Audit Practice.

### **The Council complied with its responsibilities relating to financial reporting and use of resources**

It is the Council's responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the accounting statements;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that I have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This code is based on International Financial Reporting Standards.

On 29 September 2014, I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of the Audit Committee in my Audit of Financial Statements report on 25 September 2014.

This report stated that:

- we had no concerns about the qualitative aspects of your accounting practices and financial reporting, although we identified the need to review the approach to the valuation of the Council's property portfolio to be able to ensure and demonstrate that the carrying value of assets is not materially different to fair value at each year-end;
- we did not encounter any significant difficulties during the audit; and
- there were no significant matters discussed and corresponded upon with management which we needed to report.

Officers have agreed actions to address this property portfolio issue in future years.

**I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources**

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed as part of the Improvement Assessment under the Local Government (Wales) Measure 2009. The Auditor General will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made when he publishes his Annual Improvement Report.

I issued a certificate confirming that the audit of the accounts has been completed on 29 September 2014.

The financial audit fee for 2013-14 is currently expected to be in line with the agreed fee set out in the Annual Audit Outline.

Yours sincerely



Darren Gilbert  
**KPMG LLP**

**For and on behalf of the Appointed Auditor**

## Appendix 5 – National report recommendations 2014-15

Date of report	Title of review	Recommendation
May 2014	Good Scrutiny? Good Question!	R1 Clarify the role of executive members and senior officers in contributing to scrutiny.
		R2 Ensure that scrutiny members, and specifically scrutiny chairs, receive training and support to fully equip them with the skills required to undertake effective scrutiny.
		R3 Further develop scrutiny forward work programming to: <ul style="list-style-type: none"> <li>• provide a clear rationale for topic selection;</li> <li>• be more outcome focused;</li> <li>• ensure that the method of scrutiny is best suited to the topic area and the outcome desired; and</li> <li>• align scrutiny programmes with the council's performance management, self-evaluation and improvement arrangements.</li> </ul>
		R4 Ensure that scrutiny draws effectively on the work of audit, inspection and regulation and that its activities are complementary with the work of external review bodies.
		R6 Ensure that the impact of scrutiny is properly evaluated and acted upon to improve the function's effectiveness; including following up on proposed actions and examining outcomes.
		R7 Undertake regular self-evaluation of scrutiny utilising the 'outcomes and characteristics of effective local government overview and scrutiny' developed by the Wales Scrutiny Officers' Network.
		R8 Implement scrutiny improvement action plans developed from the Wales Audit Office improvement study.
		R9 Adopt Participation Cymru's 10 Principles for Public Engagement in improving the way scrutiny engages with the public and stakeholders.

Date of report	Title of review	Recommendation
July 2014	Young people not in education, employment or training - Findings from a review of councils in Wales	<p>R1 Together with partners, map and review expenditure on NEETs services to better understand the resources required to deliver the Framework.</p> <p>R2 Clarify their strategic approach to reducing the proportion of 19 to 24 year olds who are NEET as well as their approach for 16 to 18 year olds.</p> <p>R3 Focus on young people with significant or multiple barriers to engaging with education, employment or training rather than those who are more likely to re-engage without significant additional support.</p> <p>R4 Develop their objectives and targets for reducing the number of young people NEET so that they can be held to account and their work aligns with the Welsh Government's targets and objectives.</p> <p>R5 Ensure that elected members and partners fully understand that councils have a clear responsibility for leading and co-ordinating youth services for 16 to 24 year olds.</p> <p>R6 Improve the evaluation of the effectiveness and relative value for money of the services and interventions in their area that are intended to reduce the proportion of young people who are NEET.</p>

Date of report	Title of review	Recommendation
October 2014	<p><b>Delivering with less – the impact on environmental health services and citizens</b></p>	<p>R1 Revise the best practice standards to:</p> <ul style="list-style-type: none"> <li>• align the work of environmental health with national strategic priorities;</li> <li>• identify the wider contribution of environmental health in delivering strategic priorities of the Welsh Government; and</li> <li>• identify the benefit and impact of environmental health services on protecting citizens.</li> </ul> <p>R2 Provide scrutiny chairs and members with the necessary skills and support to effectively scrutinise and challenge service performance, savings plans and the impact of budget reductions.</p> <p>R3 Improve engagement with local residents over planned budget cuts and changes in services by:</p> <ul style="list-style-type: none"> <li>• consulting with residents on planned changes in services and using the findings to shape decisions;</li> <li>• outlining which services are to be cut and how these cuts will impact on residents; and</li> <li>• setting out plans for increasing charges or changing standards of service.</li> </ul> <p>R4 Improve efficiency and value for money by:</p> <ul style="list-style-type: none"> <li>• Identifying the statutory and non-statutory duties of council environmental health services.</li> <li>• Agreeing environmental health priorities for the future and the role of councils in delivering these.</li> <li>• Determining an ‘acceptable standard of performance’ for environmental health services (upper and lower) and publicise these to citizens.</li> <li>• Improving efficiency and maintaining performance to the agreed level through: <ul style="list-style-type: none"> <li>– collaborating and/or integrating with others to reduce cost and/or improve quality;</li> <li>– outsourcing where services can be delivered more cost effectively to agreed standards;</li> <li>– introducing and/or increasing charges and focusing on income-generation activity;</li> <li>– using grants strategically to maximise impact and return; and</li> <li>– reducing activities to focus on core statutory and strategic priorities.</li> </ul> </li> </ul> <p>R5 Improve strategic planning by:</p> <ul style="list-style-type: none"> <li>• identifying, collecting and analysing financial, performance and demand/need data on environmental health services;</li> <li>• analysing collected data to inform and understand the relationship between ‘cost: benefit: impact’ and use this intelligence to underpin decisions on the future of council environmental health services; and</li> <li>• agree how digital information can be used to plan and develop environmental health services in the future.</li> </ul>

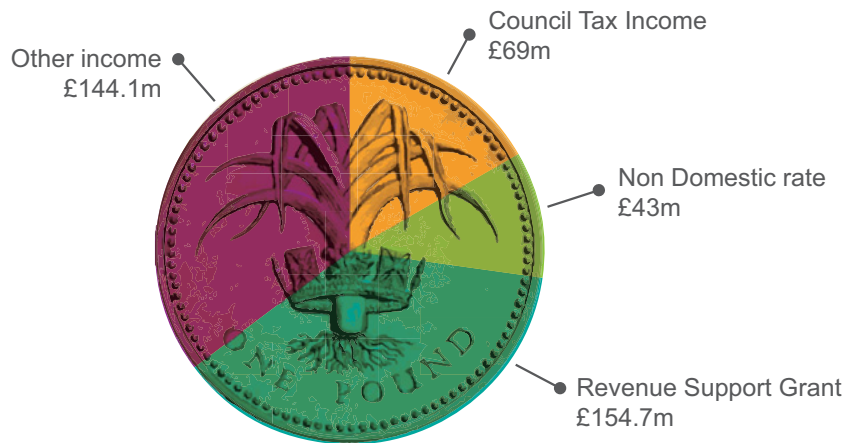


Date of report	Title of review	Recommendation
January 2015	<b>Managing the Impact of Welfare Reform Changes on Social Housing Tenants in Wales</b>	R1 Improve strategic planning and better co-ordinate activity to tackle the impact of welfare reform on social-housing tenants by ensuring comprehensive action plans are in place that cover the work of all relevant council departments, housing associations and the work of external stakeholders.
		R2 Improve governance and accountability for welfare reform by: <ul style="list-style-type: none"> <li>• appointing member and officer leads to take responsibility for strategic leadership on welfare reform and be accountable for performance; and</li> <li>• ensuring members receive adequate training and regular briefings on welfare reform to be able to challenge and scrutinise performance and decisions.</li> </ul>
		R3 Ensure effective management of performance on welfare reform by: <ul style="list-style-type: none"> <li>• setting appropriate measures to enable members, officers and the public to judge progress in delivering actions;</li> <li>• ensuring performance information covers the work of all relevant agencies and especially housing associations; and</li> <li>• establishing measures to judge the wider impact of welfare reform.</li> </ul>
		R4 Strengthen how welfare-reform risks are managed by creating a single corporate-level approach that co ordinates activity across the Council and the work of others to provide adequate assurance that all the necessary and appropriate actions to mitigate risk are taking place.
		R5 Improve engagement with tenants affected by the removal of the spare-room subsidy through: <ul style="list-style-type: none"> <li>• the provision of regular advice and information on the options open to them to address the financial impact of the change in their circumstances;</li> <li>• the promotion of the 'Your benefits are changing' helpline; and</li> <li>• the provision of support to tenants specifically affected by the removal of the spare-room subsidy to participate in regional/national employment schemes.</li> </ul>

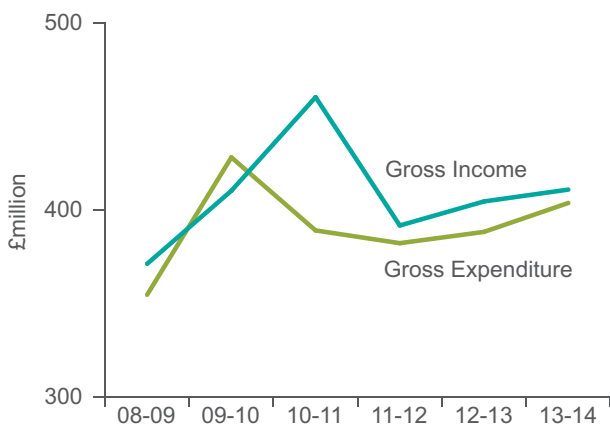
Date of report	Title of review	Recommendation
January 2015	<p><b>Managing the Impact of Welfare Reform Changes on Social Housing Tenants in Wales</b></p>	<p>R7 Improve management, access to and use of Discretionary Housing Payments by:</p> <ul style="list-style-type: none"> <li>• establishing a clear policy or guide that is available in hard copy and online to the public that sets out the Council's policy and arrangements for administering Discretionary Housing Payments;</li> <li>• clearly defining eligible and non-eligible housing costs covered by Discretionary Housing Payments in application forms, policy documentation and applicant guidance leaflets;</li> <li>• clearly setting out the maximum/minimum length of time that such payments will be provided;</li> <li>• setting and publishing the timescale for the Council making a decision on Discretionary Housing Payments applications;</li> <li>• including information within public literature on the Council's policy for right to review or appeal of a decision and the timescales and process to be followed in deciding on these; and</li> <li>• clearly define the priority groups for Discretionary Housing Payments in public literature to ensure that those seeking assistance, and those agencies supporting them, can assess whether such payments are a viable option to address their housing and financial needs.</li> </ul>

# Appendix 6 – Useful information about the Council’s resources

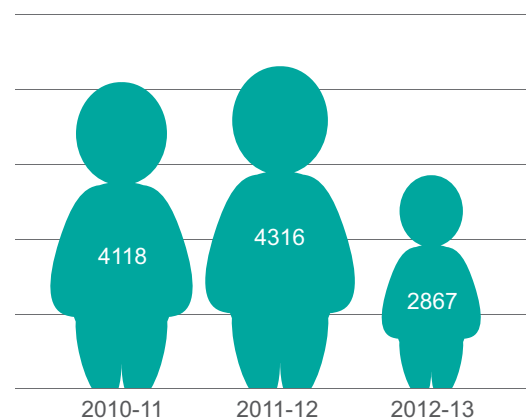
Total Gross Income 2013-14



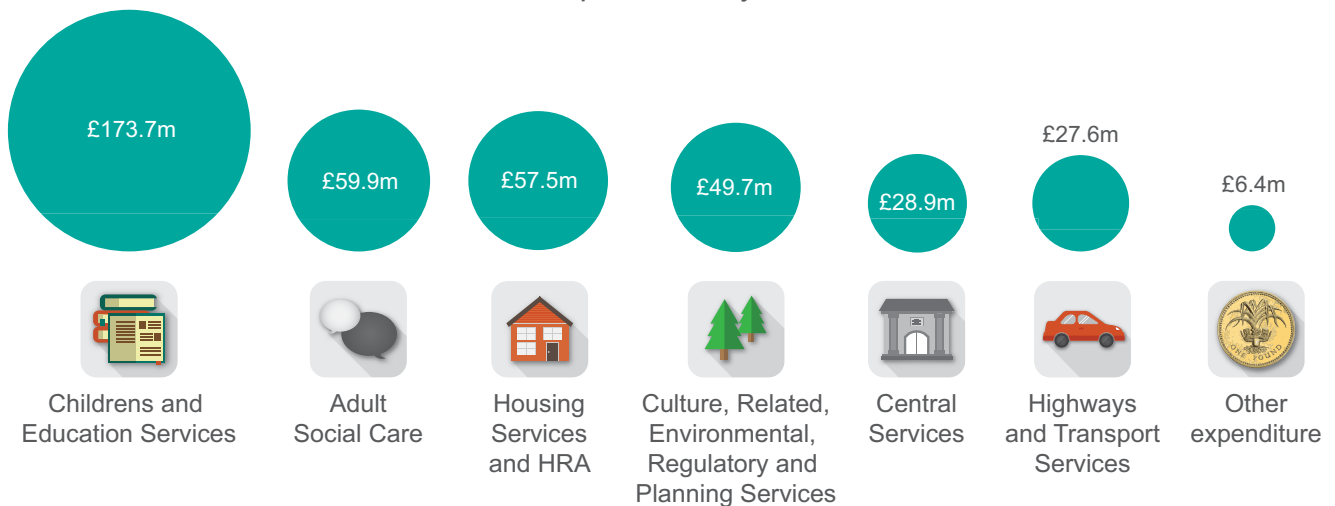
Total Income and Expenditure



Number of whole time equivalent staff 2010-11 to 2012-13



Total Gross Expenditure by service area



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