



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report

Bridgend County Borough Council

Issued: May 2014

Document reference: 246A2014



About the Auditor General for Wales

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Together with appointed auditors, 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.

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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Summary report

- 1 Each year, the Auditor General must report on how well Welsh councils, fire and rescue authorities, and national park authorities are planning for improvement in delivering their services. This report draws on the work of the relevant Welsh inspectorates, as well as work undertaken on the Auditor General's behalf by the Wales Audit Office. The report covers Bridgend County Borough Council's (the Council) delivery and evaluation of services in relation to 2012-13 and its planning of improvement for 2013-14. By taking these into account, the Auditor General can conclude whether the Council will make arrangements to secure continuous improvement for 2014-15.
 - the Care and Social Services Inspectorate Wales (CSSIW) considered that the Council continued to make reasonable progress, despite significant senior management changes and a long period of uncertainty;
 - the Welsh Language Commissioner identified continued improvement in the implementation of the Council's Welsh Language Scheme; and
 - the Ombudsman for Wales noted that the number of complaints against the Council had decreased.
- 2 We found that, in 2012-13, the Council made good progress in delivering improvement in most of its priority areas and recognises the need to accelerate improvements in education and complaints handling. We came to this conclusion because:
 - the Council has filled corporate director vacancies and is streamlining the senior management structure;
 - the connection between medium-term financial and service planning has been strengthened;
 - performance management arrangements continue to be improved;
 - the Council met the majority of its objectives for 2012-13 and further refined its arrangements for driving improvement from 2013 onwards;
- 3 We also found that the Council has established a culture of self-evaluation which resulted in a fair and balanced account of its performance in 2012-13 information, although there are areas for improvement. We arrived at this conclusion because:
 - the Council discharged its improvement reporting duties under the Local Government (Wales) Measure 2009 (the Measure) and acted in accordance with Welsh Government guidance;
 - well-established performance review arrangements were further refined during 2013;
 - the Council's performance across a range of services has improved since 2011-12, but there are inconsistencies in how well the Council collects its performance information;

- the Council is considered by the Appointed Auditor to have produced satisfactory financial accounts;
 - the Council's performance in administering housing benefit had not improved in 2012-13 from the previous year, but recent information shows significant improvements in its processing times;
 - the CSSIW reported that the Council has improved the provision for young children and aftercare for post-16 year olds, but challenges remain regarding child poverty and provision for Looked After Children (LAC);
 - the Council has been developing arrangements in education following an Estyn inspection in 2012 but remains below the Wales average in a number of national strategic indicators (NSIs); and
 - the Council recognises that there are weaknesses in its collaboration and working arrangements with third sector partnerships.
- 4 Despite significant financial challenges, the Council is ensuring it has sound plans for improvement. We arrived at this conclusion by finding that:
- the Council's *Corporate Plan for 2013-2017* incorporates the areas covered by the Welsh Government's guidance; and
- the Council has a detailed *Medium Term Financial Strategy 2013-2017* that supports effective financial management during a period of significant financial constraint.
- 5 Taking the above comments into account, we consider that the Council is likely to make appropriate arrangements to secure continuous improvement for 2014-15.

Detailed report

Introduction

- 6 Under the Measure, the Auditor General must report each year on how well Welsh councils plan to improve their services¹. Including contributions from Welsh inspectorates, Estyn (for education), the CSSIW, and the Welsh Language Commissioner, this report focuses on what the Council is trying to achieve and how it is going about it. It also includes the Council's own self assessment on what progress it considers it has made since the Auditor General published his last *Annual Improvement Report* on the Council early in 2013.
- 7 We gather our evidence from our reviews of the Council's performance which have taken place throughout the year, and by shared knowledge with other Welsh inspectorates. We have not completed a full annual review of all the Council's arrangements or services this year.
- 8 The report will finally conclude whether or not the Auditor General believes that the Council is likely to improve its arrangements and services for 2014-15.
- 9 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 take action, depending on the seriousness of the problems:
- 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 within an agreed timetable;
 - make more formal recommendations for improvement – if a formal recommendation is made it is a more serious situation, and the Council must prepare a response to that recommendation within 30 working days;
 - for even more seriously fundamental issues, he can conduct a special inspection and publish a report with recommendations; and
 - as a last recourse, to recommend to Ministers of the Welsh Government that they intervene in some way.
- 10 In 2013 we made proposals for improvement to the ways in which the Council was working with the third sector in support of a review the Council was undertaking of its arrangements; these are covered later in the report.
- 11 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@wao.gov.uk or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.

¹ Appendix 1 provides more information about the Auditor General's powers and duties under the Measure.

The Council made good progress in delivering improvement in most of its priority areas and recognises the need to accelerate improvements in education

The Council has filled corporate director vacancies and is streamlining the senior management structure

- 12 In May 2013 we reported that the Council was making good progress in delivering its improvement objectives and that it was refining its approach to evaluating performance. The 2013 report also identified the key challenges that the Council needed to manage, which included the need to resolve vacancies at corporate director level and, with the prospect of continuing financial challenges, strengthening the alignment between financial and service planning.
- 13 By November 2013 the Council had appointed its new senior management team ensuring clear accountability and responsibility at senior level. In February 2014 the Council also agreed to delegate authority to the Chief Executive to further review senior management arrangements with the intention of establishing an interim structure by April 2014 that has sufficient regard to the challenges facing Bridgend, costs less than the current structure, and takes account of potential local government reorganisation.

The connection between medium-term financial and service planning has been strengthened

- 14 The budget planning process that led to the adoption of the Council's *Medium Term Financial Strategy* in February 2014 included detailed analysis of the funding associated with service delivery and related corporate objectives. This has enabled members to take more informed decisions about priorities when settling a balanced budget for 2014-15 and establishes a strong foundation for financial and service management for the future.

Performance management arrangements continue to be improved

- 15 Performance management arrangements have continued to develop in the past year. The Council published its *Performance Management Framework* in December 2013. This document explains Council processes and procedures and the roles and responsibilities of managers within the process.
- 16 As well as providing a common point of reference for process and procedure, it includes expectations around the style and behaviour of managers to support the further evolution of a strong culture of self-assessment. Further reference will be made to our analysis of performance management in practice later in this report.

The Council met the majority of its objectives for 2012-13 and further refined its arrangements for driving improvement, in areas like education, from 2013 onwards

17 The Council set itself nine improvement objectives for 2012-13 and published its assessment of its performance in October 2013. When setting its objectives the Council also explained the measures it would use to judge its success. Using these measures as its reference point it reported that it had:

- ‘fully’ met four of its improvement objectives;
- ‘mainly’ met four of its improvement objectives; and
- ‘partially’ met one of its improvement objectives.

18 Explaining the measures of success is an important factor – ensuring they are the appropriate measures and the evaluation of how well they have been met is essential when assessing local impact and driving improvement. Our review of the Council’s assessment of its performance largely agreed with its conclusions. Our review also identified some scope for improvement. Describing an objective as ‘fully met’ may be a fair assessment when looking at an individual measure but the wider context also needs to be considered. The Council has taken this into account when adopting its priorities and measures for 2013 onwards.

19 For example, for 2012-13 the Council reported that it had ‘fully met’ the measures adopted in relation to its objective ‘to help all children and young people achieve higher attainment by improving learning opportunities and making them more accessible’. One measure, data about educational attainment of pupils in schools², showed improvement compared to the previous year (improving from 77.1 per cent to 80.6 per cent) and in overall terms the assessment by the Council that its planned outcome had been achieved was fair. However, when compared to the same results for the rest of Wales, whilst showing an improvement, attainment was below the national average of 83.3 per cent and the Council’s ranking moved from 19th to 18th of the 22 councils in Wales. The best performance in Wales for this indicator achieved 86.4 per cent that year. The Council has recognised the need to address this and has strengthened the measures in its *Corporate Plan for 2013-2017*, for example by aiming for a faster rate of improvement and introducing associated measures that pay attention to progress at earlier stages of learning.

² EDU/003 The percentage of pupils assessed at the end of key stage 2, in schools maintained by the authority, achieving the Core Subject Indicator as determined by teacher assessment.

The Care and Social Services Inspectorate Wales considered that the Council continued to make reasonable progress, despite significant senior management changes and a long period of uncertainty

- 20 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 2013 and can be found at www.cssiw.org.uk/docs/cssiw/publications/131028bridgend.pdf.
- 21 The CSSIW considered that for adult services the work being completed by the remodelling of the adult social care programme board had enabled the Council to identify areas for development, assign tasks and monitor progress against a wide range of service developments. This process was ensuring service improvement across adult services. Strong commissioning and contracting arrangements were in place combined with a robust approach to safeguarding adults. The Council continued to be a key driver in the Western Bay regional collaboration.
- 22 For children's services the CSSIW summarised that performance had continued to improve despite a high and increasing number of LAC. There were a number of projects in place to address the challenges that this increase created including the reduction of the looked-after child population and increasing the volume and range of local placements available. The success of

these initiatives will be critical to the overall improvement of service quality for children and young people in Bridgend. The Council has recognised this issue and has targeted it as an area for improvement in 2014-15.

- 23 With regard to the areas for development that had been identified in 2012 the CSSIW concluded that the Council had 'made good progress in addressing last year's areas for development and built them into its own improvement objectives. Children's services have also responded positively to the inspection of its arrangements for looked-after children and young people and has clear action plans in place.'

The Welsh Language Commissioner identified continued improvement in the implementation of the Council's Welsh Language Scheme

- 24 The role of the Welsh Language Commissioner was created by the Welsh Language (Wales) Measure 2011. It is expected that new powers to impose standards on organisations will come into force through subordinate legislation by the end of 2014. Until that time, the Welsh Language Commissioner will continue to review Welsh language schemes by virtue of powers inherited under the Welsh Language Act 1993.
- 25 The Welsh Language 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 Welsh Language Commissioner outlining its performance in implementing the language scheme. The Welsh Language Commissioner analyses every monitoring report, provides a formal response and collects further information as required.

- 26 The development of the Council's website is ongoing and following the introduction of a new content management system, English language pages are withheld until the corresponding Welsh pages are ready. Further to this development, the Council's microsites, relating to attractions within the Council, are completely bilingual. The Council acknowledges the need to attract Welsh speakers to apply for frontline posts. A scheme has been developed to appoint an apprentice to work in the Customer Services Centre. Further to that, the Council is considering visiting a Welsh-medium secondary school in the county to promote apprenticeships in the future. The Council is currently reviewing its third-party agreements in terms of social care for adults services. Providers are encouraged to use the Welsh language and to plan services in order to facilitate Welsh provision. Initial work has identified that there are staff who are willing to respond to service users in Welsh. The Council is carrying out a further audit for 2013-14 within adult social care, in order to better understand compliance against the Welsh Language Act for all commissioned services. This will build on the baseline audit carried out in 2012-13, which aims to continue to encourage the Welsh language and to plan services in order to facilitate Welsh provision.

The Ombudsman for Wales noted that the number of complaints against the Council had decreased

- 27 The Ombudsman for Wales issues an annual report which notes the type and frequency of public complaints against public sector organisations and notes how they are dealing with the complaints.
- 28 Within the Council, the number of complaints received and investigated by the Ombudsman for Wales had decreased compared with 2011-12 and at 24 remained below the average (36) for Wales, the majority of complaints during 2012-13 relating to finance and taxation.

The Council has a culture of self-evaluation which resulted in a fair and balanced account of its performance in 2012-13

29 The Council must publish a report of its 2012-13 performance by 31 October 2013. The Council's report is available on its website at: www1.bridgend.gov.uk/media/181525/bridgend_cbc_annual_report_2012_13.pdf.

30 The Welsh Government has passed legislation and published guidance that all councils must follow when publishing such information. The Auditor General is required to assess whether the Council has complied with the legislation and has met the guidance; he must also publish his conclusions.

31 To enable the Auditor General to reach a final conclusion, we undertake an assessment of the report published by the Council and test a sample of the statements made and the data used by the Council. This assessment determines whether the report presents a fair and balanced picture of the Council's performance. In this section we report the conclusions arising from our assessment and provide a view of the way in which the Council evaluates its performance.

The Council discharged its improvement reporting duties under the Measure and acted in accordance with Welsh Government guidance

32 The Council approved and published its *Annual Performance Report 2012-13* (the Report) before the statutory deadline of 31 October 2013. We found the Report to be fully accessible to the public and made available both in English and Welsh to download from the Council's website. The

Report is also available in hard copy upon request and a bilingual summary has been produced which has been circulated among various council locations.

33 We also concluded that the Report provides a fair and balanced account of the Council's performance in 2012-13 including details of performance and comparisons as measured by the national statutory performance indicators. The Report includes details of the ways in which the Council has sought to collaborate and used examples to illustrate the outcomes of some of these collaborations.

Well-established performance review arrangements were further refined during 2013

34 The Council has a long established performance review process. At corporate level a Corporate Performance Assessment (CPA) is undertaken every three months. The CPA is attended by cabinet members, the Chief Executive and corporate directors with support from the corporate performance improvement and finance teams.

35 Our observation of these meetings has confirmed that they take a holistic view of performance across the Council; identify 'cross-cutting' opportunities between services and directorates; adequately manage financial matters affecting more than one service area; and manage risks and resource implications. The CPA also plays a key role in challenging poor performance and identifying improvement opportunities.

- 36 There is also systematic service review at directorate and operational level. From September to October 2013 staff from the Wales Audit Office and KPMG observed scheduled performance review meetings at directorate and service team level. The purpose of the observation was to assess current arrangements, and identify positive practice and any potential for improvement.
- 37 Observation identified positive practice by the majority of management teams (see [Exhibit 1](#)). Our conclusions and key messages were presented to all managers in December 2013 at a workshop which launched the Council's updated *Performance Management Framework* document. The event also enabled discussion about how positive practice could be more widely disseminated and systems further refined.
- 38 The *Performance Management Framework* brought together a description of current practice and set out clear expectations both in terms of process and the roles and behaviour expected of those engaged in the process. This document provides a key reference point for those engaged in the performance review process. The document can be found on the Council's website: www1.bridgend.gov.uk/media/188158/pmf-final-for-publication-dec-2013-.pdf.

Exhibit 1 - Good practice in performance evaluation

Effective performance review was undertaken by the majority of management teams

Observation of routine performance review by service management teams identified a range of positive practice that was driving improvement and ensuring a focus on what mattered. Teams were observed:

- Taking account of a range of relevant information – covering overall performance in relation to corporate priorities; staffing matters including absence levels and tracking fulfilment of training/development needs; service user feedback and revenue/capital expenditure and forecasting.
- Assessing current risks to performance outcomes and 'horizon scanning' in order to prepare for anticipated change.
- Taking solution-focused decisions and identifying where inter-service arrangements could be improved to support improved results.

The Council's performance across a range of services has improved since 2011-12, but there are inconsistencies in how well the Council collects its performance information

- 39 The Council's performance can be compared with the other 21 Welsh local authorities through the use of 30 NSIs. In comparison with last year, the Council's performance has generally improved across a number of services, with nearly 50 per cent of its NSIs showing improvement. However, 25 per cent have worsened.
- 40 Now 17 of the NSIs show that the Council is performing above the Welsh average, an improvement on nine in the previous year. However, the same number of NSIs as last year, that is, 12, show the Council's performance is below the Welsh average.
- 41 The reliability of performance data is important as it enables the Council to measure its progress and provide sound information and evidence on whether or not it is achieving its improvement objectives.
- 42 The Wales Audit Office undertook a review of how the Council checks the reliability of its data, to assess whether it is selecting the right measures and targets; looking at its methods of collecting, processing and analysing the data; and finally, whether the reporting of the results is provided to the right people, in a helpful and constructive way.
- 43 We examined how the Council collected the following NSIs: 'the percentage of private sector dwellings vacant for more than six months and returned to occupation during the year through direct action by the local authority'; and the 'percentage of Special Educational Needs (assessments) issued within 26 weeks'. Also, one Public Accountability Measure (PAM) for the 'percentage of statutory visits to LAC due in the year'. Finally, we examined three of the Council's own local performance measures, which monitored: 'the amount of biodegradable waste sent to landfill'; 'the number of participants using improvement walking routes'; and 'the number of written enquiries received by the Customer Service Centre and responded to within five working days'.
- 44 We found that collection systems for two out of the six performance measures/ indicators data systems were sometimes inaccurate. Therefore we concluded that:
- While the Council has well-established systems in place to collect, analyse and report data, there are inconsistencies in how staff apply the systems.
 - Some of the performance indicators are inaccurate or do not comply with definitions; this was because inappropriate data was being collected to validate an indicator or base data was being lost which meant the Council could not measure whether any improvement had taken place.

- The Council did not have a formal internal system in place to regularly check samples of performance measures or indicators. The Council does have plans in place to start up such a process in 2014.

45 We proposed that performance data staff consider refresher training to ensure they are aware of the necessity to be more accurate and careful in maintaining the systems. The Council has considered this proposal and has incorporated data validation and quality assurance checks into the new *Performance Management Framework* and the new Performance Management System.

The Council is considered by the Appointed Auditor to have produced satisfactory financial accounts

46 The auditor appointed by the Auditor General recently gave his opinion on the Council's accounts and based on this the Appointed Auditor's view is that the financial statements were generally satisfactory. There were no concerns raised about the qualitative aspects of the Council's accounting practices and financial reporting, no significant difficulties encountered during the audit and no significant matters discussed and corresponded upon with management which required reporting to the Audit Committee.

47 The Appointed Auditor also noted that the Council had made progress in resolving the job evaluation project to enable the Council to effectively plan its future pay budget and demands on its resources into the medium term.

48 The Appointed Auditor's letter appears in [Appendix 3](#) and provides more detail.

The Council's performance in administering housing benefit had not improved in 2012-13 from the previous year, but recent information shows significant improvements in its processing times

49 We annually review the processes by which the Council administers housing benefit and last year reported that the Council needed to take action to improve its performance in key areas. That is, to increase the number of new claims processed within 14 days; reduce the number of claims outstanding over 50 days; and reduced the time taken to deal with applications needing revision.

50 During our review, we found that the Council's performance had not improved, but we have since noted that the Council has made improvements to its processes which has strengthened performance:

- The percentage of new claims decided within 14 days had not improved in 2012-13 taking 23 days as opposed to 21 in the previous year. However, the Council can demonstrate an improvement during the period from April 2013 onwards, and current figures show an average of 16.5 days to process new claims.

- The percentage of new claims outstanding over 50 days in Bridgend had not improved: from six per cent in 2011-12 to 10 per cent in 2012-13. Current performance figures are more encouraging and the Council hopes to reduce the number of outstanding claims to less than five per cent.
- The time taken to process housing benefit applications with changes of circumstances was nine days in 2011-12, worsening to 13 days in 2012-13. The Council has since reported that it is currently taking just over nine days to process these applications, but hopes to reduce this time even further by the end of March 2014.

51 Our review next year will focus on how the Council achieved these improvements and whether they are sustainable.

The CSSIW reported that the Council has improved the provision for young children and aftercare for post-16 year olds, but challenges remain regarding child poverty and provision for looked-after children

52 In its *Annual Review and Evaluation of Performance 2012/2013*, the CSSIW noted that the Council had responded positively to the CSSIW's inspection of its arrangements for LAC and young people in 2012, now having clear action plans in place to address the areas requiring improvement.

53 Further, the CSSIW noted that performance in children's services had continued to improve; this was despite a high and increasing number of LAC and that these increases have placed considerable workload pressures on teams.

54 The Council has initiated a number of projects to cope with this increase, but recognises that much depends on its ability to deliver these projects successfully in order to maintain and even improve the quality of services for the increasing number of LAC and young people in Bridgend. For example, cases rose by 12 per cent from 345 in 2012, to 387 on 31 March 2013. The number of children on the child protection register also rose from 131 to 161 in the same period: a 23 per cent increase.

55 The Council also continues to extend the range of some of its services for vulnerable children; such as the expansion of the Flying Start programme for children aged 0 to 3 years – extending the reach of the programme to include more children and the completion of new accommodation in Brackla, Plasnewydd and Cefn Glas primary schools.

56 The greatest challenge for the Council is to provide services for LAC. Performance has declined from last year, with an increase in the children with three or more placements and changes of school. The Council is opening new residential care units to ensure that children can be cared for within the county boundary, but it is yet to have an impact on the numbers who have to seek care outside the boundaries and the constituent extra costs.

The Council has been developing arrangements in education following an Estyn inspection in 2012 but remains below the Wales average in a number of national strategic indicators

- 57 Estyn, the office of Her Majesty's Chief Inspector of Education and Training in Wales, last inspected the Council's education service in 2012 when it judged the service to be 'adequate' with 'adequate' capacity to improve. A copy of Estyn's Inspection Report can be found on its website at www.estyn.gov.uk. Estyn made a number of recommendations that the Council should address in order to secure improvements. The Council is subject to Estyn monitoring visits that review progress although the results of these visits are not routinely reported.
- 58 The Council, whilst showing improvement for some education NSIs, still remains below the Wales average in important areas such as the standards of pupil achievement, and continues to be the poorest in Wales for issuing final statements of special education needs within 26 weeks.

There were weaknesses in the collaboration and working arrangements between the Council and its third sector partnerships

- 59 In June 2013, the Wales Audit Office completed a review of the Council's collaborative working arrangements with the third sector. We concluded that although it could demonstrate it was receiving good value from its work with the third sector, the Council:
- does not have a clear strategy of how the third sector will help it achieve Council priorities;
 - has not yet fully evidenced the value of working with the third sector, and performance monitoring is inconsistent which hinders the Council's ability to gauge whether activities are meeting expectations; and
 - has operational procedures and controls for working with the third sector, which although improving, are inconsistent and not always sufficiently robust.
- 60 The review made four proposals for improvement:

Third sector strategy

P1 The Council should clarify its stance on working with the third sector and promote that across the organisation and with the sector itself. It should build understanding with the sector about what the Council wants and needs and the potential future opportunities to help develop the market and build sustainability.

Performance monitoring

P2 The Council should review each Service Level Agreement (SLA) with third sector organisations, in discussion with the organisation. Performance management and reporting arrangements should be proportionate to the funding provided, but as a minimum, should ensure that:

- performance measures demonstrate the contribution being made to the achievement of corporate priorities;
- targets are robust, meaningful and mutually agreed;
- reporting arrangements suit the needs of both parties; and
- feedback on performance is two-way.

Client relationship management

P3 The Council should identify which organisations it defines as receiving significant levels of Council funding. Then for each of the organisations defined as such, the Council should nominate a lead officer to:

- manage the relationship with that organisation;
- have an overview of the total funding provided to the organisation by the Council;
- understand the contribution the organisation makes to achieving corporate priorities; and
- act as a contact for officers to escalate concerns about provider performance.

Consistency of approach

P4 The Council should identify areas of its dealings with the third sector that could be more consistent such as commissioning and performance management. It should seek to learn from colleagues, other councils, and the sector itself, about which approaches work well. The best approaches should then be applied across the Council.

61 Following the publication of our review in August 2013, the Council has continued its efforts to improve the arrangements with the third sector, and to put actions in place to implement the proposals. It had already developed a cross-Council project group that included members from key voluntary sector partners, as part of a wider review of third sector activities by the Council. This group has put in place actions to address our proposals. Since the review the Council has collated detailed information for each of its third sector relationships. It now has a clearer understanding of what activity and organisations the Council supports and how this support contributes to achieving corporate objectives. It has agreed a common format for contracts it will use when commissioning activity from the third sector and it is planning to undertake a review of each third sector partnership using a common review methodology.

Despite significant financial challenges, the Council is ensuring it has sound plans for improvement

The Council's *Corporate Plan for 2013-2017* incorporates the areas covered by the Welsh Government's guidance

- 62 To comply with Welsh Government legislation, the Council published its *Corporate Plan 2013-2017* (the Plan) which contained its improvement objectives (referred to as improvement priorities) both in English and Welsh on the Council's website by 30 April 2013. We undertook an audit of the Plan and concluded that it incorporates the areas covered by the Welsh Government's guidance as it contained reasons for the selection of the objectives, details of the arrangements to help the Council achieve the priorities and what are the expected outcomes.
- 63 The Council has effectively consulted a wide range of people and organisations about the content of the Plan, including businesses, partners and the general public. The Council published the consultation feedback, indicating the general points or themes, and what action it took to refine the priorities.
- 64 Following the consultation, the Council has continued to engage the public by suggesting actions citizens can take to help the Council achieve the improvement priorities. For example, shopping locally to support local retailers and so improve the local economy and asking that businesses inform educational organisations about what skills they will be seeking in the local workforce in the future.

The Council has a detailed *Medium Term Financial Strategy 2013-2017* that supports effective financial management during a period of significant financial constraint

- 65 The Council published its *Medium Term Financial Strategy*, for the period 2013-2017 in September 2013, based on the need to achieve reduced spend of £35 million over the next three years.
- 66 Our national report published in January 2014, entitled *Meeting the Financial Challenges Facing Local Government in Wales* looked at how councils are managing their finances in challenging economic circumstances and against a backdrop of increasing demand for services. Cost pressures have to be managed alongside substantial service demand pressures relating to, for example, LAC, supporting people most affected by economic recession and welfare reform, and the effect on services of the ageing population. Many of the services which councils provide are currently mandatory/statutory, leaving limited room for manoeuvre in budgets.
- 67 The report concluded that many councils in Wales are experiencing difficulties in managing cutbacks, as:
- they do not have clear and realistic plans to deliver efficiency savings and improvements;
 - councils in Wales are not routinely basing their strategic plans on sound and appropriate financial information;

- they have been able to meet their financial challenges and deliver their overall plan, but more robust arrangements will be necessary as financial pressures increase; and
- not all councils are effectively monitoring and evaluating progress in delivering their strategic plans.

68 Nevertheless, the Council displays a number of positive practices in its approach to medium-term financial management.

Exhibit 2 - Positive practice in medium-term financial management

The Council continues to refine its approach to medium-term financial management by:

- Developing a more robust approach to forecasting. By considering various possible scenarios over the coming three years, the Council is preparing a number of forecasts and assumptions to better prepare its finances to address a variety of possible outcomes or risk areas. The Council has a good understanding of the cost pressures it faces.
- Aligning financial and service planning. So that it can better align delivery of its corporate priorities with the associated finances, and can better monitor and assess its financial performance in line with service delivery.
- Having early discussions of where and how budgets should be spent. Members and stakeholders are involved and consulted at an early stage and are provided with regular opportunities to discuss issues and concerns in sufficient time to explore and consider the implications of cutbacks on service delivery.

69 The Council recognises that it continues to face major financial challenges in the forthcoming year, notwithstanding the possibility of fundamental changes to its very structure and areas of responsibility. Nevertheless, the Council has stated that it will continue to provide all its services, but seeking to deliver them more efficiently, and to drive forward improvement in its priority areas.

70 The Council needed to meet a shortfall of £24 million for the period 2013 to 2016, but following the Comprehensive Spending Review in June 2013, this has been revised to £31 million. It has amended its budget preparations to address this shortfall and is planning to make a £3.7 million saving in 2013-14. The Council continues to consult widely with members and key stakeholders on its budget and priorities, and its structured system of corporate performance reporting is improving links between corporate plans (including the Council's *Medium Term Financial Plan*), service delivery, performance targets and operating finances. The Council regularly checks the progress of its financial plans.

The Council is likely to make appropriate arrangements to secure continuous improvement for 2014-15

- 71 Based on the conclusions outlined in the previous sections of this report, the Auditor General considers that the Council is likely to meet the requirements of the Measure for 2014-15. This is due to the Council's efforts to continually try to develop its arrangements to secure continuous improvement.

Appendices

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

Useful information about the Bridgend area and the Council

The Council

Bridgend County Borough Council spent approximately £316.4 million this year (2013-14). This equates to about £2,336.00 per resident. In the same year, the Council also spent £36.7 million on capital items.

The average band D council tax in 2012-13 for Bridgend was £1,296.16 per year. This has increased by 3.9 per cent to £1,346.83 per year for 2013-14; 79.4 per cent of Bridgend's housing is in council tax bands A to D.

The Council is made up of 54 elected members who represent the community and make decisions about priorities and use of resources. The political make-up of the Council is as follows:

- 39 Labour
- 4 Independent Annibynwyr
- 1 Plaid Cymru
- 1 Conservatives
- 6 Independent
- 3 Welsh Liberal Democrats

The Council's Chief Executive is Darren Mephram. Corporate Director, Resources is Ness Young; Corporate Director, Children is Deborah McMillan; Corporate Director, Communities is Mark Shephard; Corporate Director, Wellbeing is Susan Cooper; and Assistant Chief Executive, Legal & Regulatory Services is Andrew Jolley.

Other information

The Assembly Members for Bridgend are:

- Rt Hon. Carwyn Jones, Bridgend, Labour
- Janice Gregory, Ogmore, Labour
- Peter Black, Bethan Jenkins, Suzy Davies and Byron Davies, Regional Members

The Members of Parliament for Bridgend are:

- Mrs Madeleine Moon, Bridgend Constituency, Labour
- Mr. Huw Irranca-Davies, Ogmore Constituency, Labour

For more information, see the Council's own website at www.Bridgend.gov.uk or contact the Council at the Civic Offices, Angel Street, Bridgend, CF31 4WB.

Appendix 3

Annual Audit Letter

Councillor Mel Nott
The Leader
Bridgend County Borough Council
Civic Offices
Angel Street
Bridgend
CF31 4WB

Dear Councillor Nott

Annual Audit Letter

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 reporting requirements relating to its financial performance 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 30 September 2013 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 the 26 September 2013.

This report stated that we had no concerns about the qualitative aspects of your accounting practices and financial reporting, 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.

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. Overall, I am satisfied that the Council has appropriate arrangements in place. 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.

In previous years, I have commented on importance of resolving the job evaluation project to enable the Council to effectively plan its future pay budget and have confidence about the demands on its resources into the medium term. I am pleased to report that this year the Council has continued to make substantial progress in this area, with the job evaluation project progressing towards resolution during our audit year (and being implemented during 2013-14).

I issued a certificate confirming that the audit of the accounts has been completed on 30 September 2013.

The financial audit fee for 2012-13 is £190,000, which is 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
21 November 2013

Appendix 4

Bridgend County Borough Council's improvement objectives and self-assessment

The Council's improvement objectives

The Council is required by the Welsh Government to make plans to improve its functions and the services it provides. Each year it must publish these plans along with specific improvement objectives that set out the key things that the Council intends to do to improve. The Council must do this as soon as possible after 1 April each year. The Council published its improvement priorities in its corporate plan to cover the period 2013-2017, which can be found on the Council website at www.Bridgend.gov.uk. They are published here, along with the previous improvement objectives:

Key improvement objectives 2010-2013

- to build safe and inclusive communities supported by an effective physical infrastructure;
- to develop and support sustainable and affordable housing solutions for those who are homeless or in need;
- to work in collaboration with partners to meet the different needs of all children and young people and provide them with the best start in life;
- to help all children and young people achieve higher attainment by improving learning opportunities and making them more accessible;
- to improve physical and emotional well-being by promoting and supporting active lifestyles, participation and learning;
- to implement effective integrated health and social care services to support independence, health and well-being;
- to support and invest in our communities to promote economic growth, physical renewal and sustainability;
- to manage and promote our natural and historic environment; and
- to improve the way we work to ensure effective and efficient use of our financial, technological, physical and human assets.

Improvement priorities 2013-2017

- working together to develop the local economy;
- working together to raise ambitions and drive up educational achievement;
- working with children and families to tackle problems early;
- working together to help vulnerable people to stay independent;
- working together to tackle health issues and encourage healthy lifestyles; and
- working together to make the best use of our resources.

The Council's self-assessment of performance

The Council's self-assessment of its performance during 2012-13 can be found in the *Annual Report 2012-13* which can be found on: www1.bridgend.gov.uk/media/181525/bridgend_cbc_annual_report_2012_13.pdf.

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