

CYNGOR SIR POWYS COUNTY COUNCIL

AUDIT COMMITTEE
13th April 2012

REPORT AUTHOR: Geoff Petty
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SUBJECT: Response to the Annual Improvement Report

REPORT FOR: Information

1. Background

1.1 This report is the Council's response to the Wales Audit Office's (WAO) Annual Improvement Report for Powys County Council, issued in January, 2012. This report covers the first of the 3 recommendations for improvement and the 6 proposals for improvement. The 2 recommendations for improvement that relate to Adult Services will be dealt with by the Children, Social Care and Health Scrutiny Committee.

Recommendation R1 of the WAO:

The Council should establish more rigour and consistency in it's arrangements to profile human resource requirements across its project portfolio to ensure that it has sufficient capacity and capability to deliver its improvement objectives.

Powys County Council Response to R1:

- 2.1 In response to this recommendation an action plan was drawn up and submitted to the WAO who were content with the proposals and planned actions contained therein. The response and action plan is detailed below:
- 2.2 *The Council will ensure that the human resource requirements are identified and provided, both in the short-term, to ensure that PCP projects are managed and delivered effectively, and in the medium to longer term, to address the workforce requirements arising from project implementation.*

Action Plan:	
Action	By when
Create a Programme Office to manage the Powys Change Plan	Aug 2011
Redesign governance arrangements to better support the commissioning & delivery of the change plan	Sept 2011
Undertake governance coaching and review sessions with Programme Boards and Executive Programme Boards – facilitated by PwC	Nov 2011

<i>Verify with Heads of Service/Sub-Programme Leads the human resource requirements for Project delivery; providing challenge and support</i>	<i>Oct 2011</i>
<i>Draw up short-term workforce plan to ensure identified or known human resource gaps for project delivery are addressed</i>	<i>Oct 2011</i>
<i>Finalise Workforce plans in line with financial and improvement planning to address medium to longer term needs</i> <ul style="list-style-type: none"> ○ <i>Workforce planning workshops</i> ○ <i>Co-ordinated service support</i> 	<i>Mar 2012</i>

In addition to the above we will ensure that the Capacity and Capability project within the Workforce Transformation Programme is suitably resourced so that it can deliver on its objectives.

In essence the response sought to address the following issues:

2.3 Powys Change Plan Capacity and Capability

- 2.3.1 The immediate and urgent task was to ensure that Service Areas had identified the resources required, i.e. the capacity and capability, to deliver their projects within the PCP and that if they had not already done so had plans in place to secure those resources.
- 2.3.2 This has been completed for all services and where required additional resources have been or are in the process of being secured, or adjustments made to priorities to ensure project delivery.
- 2.3.3 Measures have also been put in place via the Project Support Officers to ensure that any new projects are not commissioned until the Strategic Programme Board is satisfied that resources are in place.

2.4. Ongoing Sustainable Capacity and Capability

- 2.4.1 In addition, it is essential that we ensure that we have the capacity and capability, both now and in the medium to longer term, not only to deliver the PCP but also to meet changing service needs.
- 2.4.2 To this end we have been supporting service areas in the development of their workforce plans. A schedule is in place to ensure that all plans are completed by June. This process will, in subsequent years, be embedded in the business planning process.
- 2.4.3 There is also a Capacity and Capability project within the PCP which is further looking to put processes and systems in place that will provide us with the capacity and capability required. This project will result in the roll out of core competencies for all posts (with management competencies given priority), introduction of a new appraisal scheme across all service areas which can be monitored for compliance, and the provision of learning and development opportunities so that employees can gain the competencies required by the Council.

2.5 Conclusion

- 2.5.1 All the actions listed in the action plan have been completed with the exception of the final one which has seen some unavoidable slippage, from a completion date of March 2012 to June 2012. The reason for this is that the external support procured to assist service areas with this task proved to be unsuitable. Consequently the HR service has re-prioritised some of its work and is now providing this support in-house. This has proved to be a far better solution.
- 2.5.2 Throughout the development and implementation of the response and action plan the WAO have been kept informed of progress.

Proposal P1 of the WAO:

Review the terminology of improvement objectives and activities, and selected measures of success to ensure that they are both clearly expressed and capable of allowing local citizens to monitor the difference the Council is making to their lives. - This proposal was first made to the Council in August 2011.*

Powys County Council Response to P1:

- 3.1 The proposal from the Wales Audit Office is noted and accepted. We have tried over the past 2 years to improve the clarity of the Powys Change Plan to make it a meaningful document for both our citizens and our staff. The 2012-2015 Plan includes amended wording for the Care and Wellbeing and Regeneration Improvement Objectives.
- 3.2 We are undertaking a more rigorous peer review of Service Business Plans for 2012-2015 to improve the clarity of objectives and measures and to ensure greater corporate clarity and ownership for service performance.

Proposal P2 of the WAO:

Develop a more co-ordinated corporate approach to public engagement to improve the extent to which engagement activity is consistently implemented and evaluated to ensure it is effective in improving services and outcomes for citizens. This proposal was first made to the Council in August 2011.*

Powys County Council Response to P2:

- 4.1 Following discussion with Colin Davies and Andy Bruce of the WAO we are developing a framework for engagement which will ensure all officers tasked with undertaking engagement activities give full and due consideration to the National Principles for Public Engagement in Wales. All officers within Powys County Council will use an agreed template to clarify their consultation and engagement objectives, the influence stakeholders will have by taking part and how they will feedback to them before any consultation and engagement exercise is undertaken. The template will be considered and cleared by the corporate consultation officers who will also give advice and guidance as appropriate to ensure all engagement activities are genuine, transparent and 'add value' to improving and providing 'citizen centred' services in Powys.

- 4.2 The Communications Team have also worked with Heads of Service to ensure that as an organisation we track how the data collected in the annual Powys Residents Survey is informing Service Strategies and helping to improve, design and deliver services residents want and need. We are also conducting a review of the question set for the Annual Residents Survey to ensure data captured in the 2012/13 survey continues to fully meet the needs of service managers in relation to their Service Strategies. Performance Management have agreed to update the Service Strategy template to include information on the resident's survey to ensure we can continue to track how this data is used in a meaningful way to improve and consider the customer view year on year.

Proposal P3 of the WAO:

The leadership of the Council, political and managerial, should promote and secure a culture which requires an appropriately open and balanced self – assessment of corporate and service performance, and is more evaluative and realistic regarding the Council's progress in delivering its improvement objectives.

Powys County Council Response to P3:

- 5.1 The proposal from the Wales Audit Office is noted and accepted. In large part this requires a behavioural change which must be led by politicians and senior management. The current work being undertaken by Hay will assist in this respect, as will growing experience of operating a Cabinet/Scrutiny system. This behavioural change will be supported by change in how we do things. This includes:

- A change to the structure and role of Scrutiny and Audit Committees, including the way in which they operate and interact with Cabinet. There will be a greater emphasis on constructive challenge of the Powys Change Plan and Service Business Plans;
- The annual self-assessment of performance will be more balanced and include a wider range of information sources, including regulatory reports;
- The annual Governance Statement will be a more rigorous self-assessment;
- Member development to improve scrutiny and audit skills;
- Strengthening our risk recording and review.

Proposal P4 of the WAO:

In assessing and reporting Council performance, ensure that there is sufficient appropriate data which demonstrates not only what and how much the Council does, but also the difference the Council is making in terms of outcomes for its citizens. Review the timing, audience and content of progress and performance reports to facilitate better informed decision making and robust challenge of service performance.

Powys County Council Response to P4:

- 5.1 The proposal from the Wales Audit Office is noted and accepted. Considerable effort is being made to ensure Service Business Plans include meaningful measures and targets. It is important that these offer a balanced view of how a service is performing in the key facets of activity. We will use more benchmarking information, such as “Measuring Up”, to challenge performance. The objectives and measures will be monitored quarterly by the appropriate Cabinet Member and will be available to Scrutiny and Audit Committees for challenge.

Proposal P5 of the WAO:

In rolling out new methods of collecting recyclable wastes and refuse across the county, the Council needs to scrutinise and challenge performance to ensure that these actions have the desired impacts of achieving the increasingly challenging recycling targets and of reducing the cost of waste services.

Powys County Council Response to P5:

- 6.1 The Council has been extremely active rolling out the new method of collecting waste and recycles over the past 12 months. This activity is having the desired effect. The overall recycling rate has increased from an average of 36.65% in 2011/12 to 39.46% by the end of February 2012. It is expected that the 42% target for 2012/13 will be exceeded by the end of March.
- 6.2 The target for 2012/13 is to achieve a recycling rate of 52% by the end of the year. This is a national target and penalties can be expected for local authorities who fail to achieve this target. The Council has a plan to roll-out kerbside collection through substantial parts of Montgomeryshire next year. This, together with planned activities on Civic Amenity sites and Trade Waste, should see the Council’s recycling rate at 52% by the end of March, 2013.
- 6.3 Waste is a sub-programme of the Climate Change Improvement Objective in the Powys Change Plan. Progress is monitored through the project and programme boards and through Cabinet. This enables progress to be challenged at a number of stages.
- 6.4 As a point of clarity, it is unlikely that kerbside collection will save money on the previous collection services. Kerbside collection is more labour intensive and requires investment in new vehicles and containers, although there will be an opportunity to review routes once the new system has “bedded in.” Indeed, the Council provided additional resource in the 2011/12 budget for the recycling service. The real benefit is cost mitigation. Landfill tax is increasing by £8 per annum, in 2012/13, it will be £64 a tonne. Also, there is the potential for financial penalties from Welsh Government if we fail to meet targets for recycling and minimising landfill. Financial modelling demonstrates that recycling is less costly than the alternative of paying more Landfill Tax and government imposed penalties.

Proposal P6 of the WAO:

Implement arrangements to ensure that contracts issued to third parties that provide a service on the Council’s behalf are robustly monitored, with appropriate quality assurance in place to:

- *Manage and mitigate risks;*
- *Evaluate the impact of the services; and*

- *Assess their value for money.*

These arrangements should also ensure compliance with the Welsh Language Scheme.

Powys County Council Response to P6:

- 7.1 Commissioning and Procurement in Powys are currently highly devolved. It is clear that this fragmented capacity, capability and spend across the Council is generating inefficiency in some areas and resulting in sub optimal outcomes in terms of efficient use of resources, delivering value for money and the achievement of the wider strategic objectives of the Powys Change Plan.
- 7.2 In order to ensure Commissioning and Procurement consistently contributes to the wider objectives of the Council including, for example, access to services , user choice, economic regeneration, Welsh Language Scheme; the Commissioning and Procurement (C&P) Strategy has been developed and approved by Cabinet with an overarching aim to ensure that
- "all of us engaged in Commissioning & Procurement use our scarce resources in a way that best achieves the Councils objectives".
- 7.3 The C&P Strategy sets out a clear direction of travel and is supported by the Cabinet and the senior management team as well as managers at multiple levels across all Directorates. This elevates commissioning and procurement as a driver for service transformation across the council and demands member and senior officer commitment to a single council approach.
- 7.4 The C&P Strategy also sets out an intention to adopt category management principles across all 3rd party spend and to understand where commissioning and procurement could best be done through collaboration with other organisations.
- 7.5 The C&P Strategy will be backed by an implementation plan that sets out how the council will deliver on these aims. PricewaterhouseCoopers (PwC) have been commissioned to support this implementation plan and make recommendations in the following key areas:
1. A target operating model for commissioning and procurement specifying the resources, processes, governance and tools necessary to secure the aims of the strategy.
 2. A plan for building on current capability to deliver the target operating model, including actions to develop the workforce and engage stakeholders.
 3. A high level business case justifying any additional investment required.
- 7.6 A Project Initiation Document has been produced, for approval by the Programme Board to deliver a hub & spoke 'Target Operating Model' (TOM) based on a central co-ordinating hub and 3 Category Hubs (People, Place, Corporate). It is important to note that the TOM will receive strategic direction from a Member led group who will
- i. Validate and promote the Council wide commissioning and procurement strategy, objectives and principles

- ii. Drive alignment with and support of the Powys Change Plan
- iii. Provide consistent communication on priorities across the Council
- iv. Promote a Group approach on specification setting, demand aggregation and demand management

Recommendation:	Reason for Recommendation:
The Committee are requested to note the response.	To enable the Committee to advise whether there are areas of the response that have been missed or could be strengthened.

Relevant Policy (ies):			
Within Policy:	Y / N	Within Budget:	Y / N

Relevant Local Member(s):	N/A
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Person(s) To Implement Decision:	Chief Executive and Management Team
Date By When Decision To Be Implemented:	As soon as practicable

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Background Papers used to prepare Report: