

## AUDIT COMMITTEE- 19 JANUARY 2010

### 2009 INSPECTIONS OUTCOMES AND ANNUAL AUDIT AND INSPECTION LETTER UPDATE

#### 1. Summary of Report

- 1.1 This report details the outcomes of various inspection activities in the 2009 calendar year. Principally this is the results of the first Comprehensive Area Assessment (CAA) published on 9 December 2009, but also includes other external judgements of specific services or elements of council activity which have informed the CAA but are not directly part of it. Overall the inspection judgements are broadly in line with other comparable local authorities, with some areas of strong performance and other areas where improvements are needed. In addition this report provides an update on activity that is in train to respond to the Audit Commission Annual Audit and Inspection letter for 2007/08 that was received in April 2009.

#### 2. Background Papers

- 2.1 Various reports from inspection bodies held on the Audit Commission's website, the OnePlace website or available from Corporate Performance Management

#### 3. Recommendations

- 3.1 That Audit Committee note the contents of this report.

Signed:



**Rory Borealis - Executive Director (Resources)**

**11 January 2010**

#### 4. Background

- 4.1 CAA is the national performance framework which came into force from 1 April 2009 which looks at how well local services are working together to improve the quality of life for local people. The CAA is formed of two key elements
- Area assessment** – how well local public services are delivering better outcomes and how likely they are to improve in the future
- Organisational assessment** – of individual public bodies within Walsall

- 4.2 In addition there are two specific judgements formed for Adult Social Care (led by Care Quality Commission) and Children's Services (led by Ofsted). Both of these receive individual published scores but the judgements also help support the findings for both the Area Assessment and the managing performance theme of the Organisational Assessment.
- 4.3 As well as the CAA process there are also various ad hoc external judgements made of council services or elements of council activity. In 2009 this has included a peer challenge of equality and diversity, a regional assessment of our approach to worklessness, a charter mark assessment of our member development programme and a review of the music service at the Forest Arts Centre. All of these are separate from the CAA process but do provide valuable evidence for it and also provide the Council with improvement areas and/or external verification of good performance.
- 4.4 The outcomes from all inspections are summarised in **Appendix 1**.
- 4.5 The Audit Commission's Annual Audit and Inspection Letter for 2007/08 was received in April 2009 and included recommendations relating to areas for improvement. These are summarised **Appendix 2** along with a brief summary of activity delivered or in train to deliver improvements in these areas. It is important to note that the recommendations made within the letter related to how the Council meets its responsibility in the context of CAA.

## **5. Resource and Legal Considerations**

- 5.1 There are no direct resource implications arising from this report though the published results and in particular the improvements areas identified, may influence Council and partner resource allocation decisions in the future.

## **6. Citizen Impact**

- 6.1 There is no direct citizen impact resulting from this report, though the results themselves are reflective of the impact the Council and its partners have had on improving citizen outcomes to date and offers areas where this could be improved. In addition the published results will impact on citizen perceptions of the Council and the partnership.

## **7. Performance and risk management issues**

- 7.1 **Risk:** The Council's approach to risk management is assessed through the use of resources element of the organisational assessment. The

Corporate Risk register contains risks relating to external inspection and the council's reputation as a result of these judgements. It is anticipated that as a consequence of this report further risks will be identified and managed at an operational level.

- 7.2 **Performance management:** The CAA is the national performance framework and as such helps shape how we manage performance locally. Performance Indicators (in particular those contained in the Local Area Agreement) are used by inspectors to help form their judgements and inspection activity also plays an important role in enabling the independent review of services by inspectorate bodies. The CAA provides an opportunity for the Council and its partners to reflect on performance and address areas of concern. In addition the annual audit letter issued by the Audit Commission highlights areas for improvement to assist the council in achieving continuous improvement.

## 8. Equality Implications

- 8.1 There are no direct equality implications resulting from this report though equalities is a core theme running throughout the CAA process and so has been assessed as part of this process and was judged specifically through the diversity peer challenge in February 2009.

## 9. Consultation

- 9.1 Councillors, managers and partners have been consulted throughout the CAA process by inspectors in informing their judgements. A communications plan to share the results of the CAA with the public and staff has also been developed by officers and is being delivered.

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## **Appendix One- Summary of Inspection Findings**

### **Comprehensive Area Assessment**

#### **Area Assessment**

The area judgement is formed by combining the perspectives of the 6 inspectorates (Audit Commission, Care Quality Commission, Ofsted, HM Inspectorate of Constabulary, HM Inspectorate of Prisons and HM Inspectorate of Probation.) The judgement is published as a narrative on the OnePlace website and can include the award of Red Flags (highlight areas where current arrangements are inadequate) or Green Flags (highlight exceptional performance or innovative practice.) It is important to note however that these flags are only awarded for extremes of performance and that the absence of red flags does not mean there are no areas of improvement and nor does absence of green flags mean there are no areas of strong performance.

No flags were identified for Walsall during this round. The absence of any red flags can be seen as a positive for Walsall and in particular shows the inspectors recognition of the hard work being done by partners to address the known issues of health inequalities within the borough. It was anticipated early on in the process that this may have been a red flag but inspectors were satisfied that the steps being taken, in difficult circumstances, were sufficient. Whilst we were not awarded any green flags, informal feedback from the inspectors indicated that the bar for this had been set extremely high and thus very difficult to achieve. Our dramatic improvements in recycling rates, for example, were highly commended by the inspectors but were not felt to be 'innovative' enough to be awarded a green flag.

#### **Organisational Assessment**

The Organisational Assessment for Walsall Council is formed of two elements - Use of Resources (how well the Council manages its finances, manages its resources and governs its business) and Managing Performance (how well the Council delivers its priority services and the leadership and capacity to deliver future improvements.) These two elements are each scored on a rating of 1-4 and the results combined to give an overall judgement statement. The Use of Resources Element was led by Grant Thornton on behalf of the Audit Commission and the Managing Performance Theme by the Audit Commission themselves.

The results are as follows:

**Overall Walsall MBC: Performs adequately**

**Managing performance: 2 out of 4**

**Use of Resources: 2 out of 4**

*Managing finances: 3 out of 4*

*Governing the business: 2 out of 4*

*Managing resources: 2 out of 4*

The overall rating of ‘performs adequately’ is based on the combination of the two scores for Managing Performance and Use of Resources. Within the managing performance score, whilst inspectors felt performance was good in most areas, the impact of the Ofsted score (see below) and the overall levels of public satisfaction as highlighted in the place survey meant they felt unable to award a score higher than ‘adequate’ overall. Within the Use of Resources judgement we fell just short of achieving a score of three based on the individual scores for the three elements. Further detail on the Use of Resources element is provided to this committee in a separate report from Grant Thornton.

**Care Quality Commission judgement of Adult Social Care**

The annual Adult Social Care Services performance assessment process requires the Care Quality Commission (CQC) to publish an annual report identifying performance strengths, recommendations for further improvement, an overall grade for delivering outcomes with a separate grade for each of seven outcome areas and a commentary on the two domains of leadership and Use of resources/Commissioning. The CQC judgement is the one area of the new inspection which has remained similar enough to the previous regime to allow useful comparisons of performance to be made.

The table below summaries performance against each identified outcome and includes a comparison with previous years performance

OUTCOME DOMAINS	Comparisons		
	2007-8	2008-9	Change
Improved health & emotional well-being	Good	Well	Same
Improved quality of life	Adequate	Adequately	Same
Making a positive contribution	Adequate	Well	Up
Increased choice & control	Adequate	Adequately	Same
Freedom from discrimination & harassment	Adequate	Well	Up
Economic well-being	Good	Well	Same
Maintaining personal dignity and respect	Good	Well	Same
<b>Overall Delivering Outcomes</b>	<b>Adequate</b>	<b>Well</b>	<b>UP</b>

As can be seen from the table there is measured improvement in: *Improved quality of life* and *Freedom from discrimination and harassment*. This leads to an overall improvement from 'performing adequately' to 'performing well' which is an excellent good news story for the Council and is a result of sustained improvement work over previous years by the service. There are of course a number of improvement areas remaining and these are also highlighted in the report. An Improvement plan to address these and other improvement areas will be agreed with CQC, jointly reviewed in February 2010 and considered as part of the spring self assessment submission and the summer 2010 annual review meeting.

### **Ofsted Judgement of Children's Services**

Ofsted previously formed their rating of Children's Services from the Annual Performance Assessment (based on performance data) and the Joint Area Review (JAR.) Both of these ended with the introduction of CAA but Ofsted still publish an annual rating for Children's Service. This judgement is largely based on the results of statutory inspections of specific services (e.g. children's homes or fostering) and so is a different methodology on which previous judgements have been based.

Ofsted have judged Children's Services in Walsall to be **performing adequately**. Under the previous system of inspection Walsall was judged to be 'performing well' with regard to children's services which would seem to indicate a deterioration in performance, however as mentioned above, changes to the way in which these judgements are formed make any comparisons misleading. The CAA area assessment confirms that there is little or no evidence of a decline in performance since our last rating was awarded and in indeed the Council was able to evidence strong improvement in some key areas.

However the performing adequately label has had a significant impact on our overall organisational assessment score, with the joint inspectorates feeling there were not able to award a 3 for managing performance given the Ofsted rating (combined with public perceptions.)

### **Other external judgements**

#### **Diversity Peer Challenge**

In February 2009 the Council underwent a 'Diversity Peer Challenge' led by the Improvement and Development Agency (IDeA) which assessed the organisation against the Equality Standard. The Peer Challenge is not an inspection; rather it offers an external assessment of a council's own judgement of itself against the Equality Standard benchmark, by critical friends who have experience of delivering an equality/diversity agenda in their own councils. The assessment validated the Council's self assessment that put us at Level 3 of the Equality Standard. The Equality Standard has since been replaced with the Equality

Framework but our score of 3 equates to a judgement of 'achieving' under this framework

The assessment highlighted leadership and commitment to equalities issues by the Chief Executive, senior managers and the portfolio holder as a key strength. It also found that officers acting as Equalities Champions were effective in getting the message across. Equalities is a core value for the council and is reflected in SCS and Corporate Plan outcomes. The Diversity Challenge found a strong golden thread translating these outcomes into individual targets through the IPM process.

A number of improvement areas, including the need for a review of our equality impact assessment process has been developed into an action plan that is being monitored by the Corporate Equalities Group (CEG), chaired by the Chief Executive.

### **Worklessness Inspection (Regeneration directorate)**

In January-March 2009, the Audit Commission carried out a regional inspection of the role of the 7 West Midlands Metropolitan Councils in tackling worklessness. The inspection did not result in a scored judgement for the Council but rather an overall report on the west midlands area as a whole with some specific commentary on each individual council as an appendix, the report was published in October 2009. Worklessness refers to all those of working age who are not working. It goes beyond the traditional definition of unemployment as it includes all those who are either looking for work or those not actively seeking work, such as those on incapacity benefit.

The report found that the west midlands councils have a track record of effectively delivering worklessness initiatives and meeting funding stream requirements. There are a number of successful approaches being delivered by councils and their partners that are meeting the needs of local people; often those furthest from the job market or the most vulnerable. However, the intended improvement in worklessness has not been achieved or sustained over time and the numbers being reached are not having an impact in proportion to the size of the problem. The gap has not narrowed significantly between the most disadvantaged communities and the council areas as a whole and the situation is worsening in the current recession. For Walsall specifically, inspectors were pleased with our ability to respond to the current economic climate and were impressed with how well we are integrated across partners and work areas. They felt there was strong leadership within the council and that it was clear that we are making strong complimentary links to the sub-regional, city-regional and regional agendas.

### **Member Development Charter Assessment**

The West Midlands Leaders Board (formally the WMLGA) led a peer assessment of Walsall Council against the criteria for award of the Charter Mark for Member

Development. The results of this were published in a report on 8 September 2009 which confirmed Walsall's retention of the charter mark in what was a very positive report overall. The peer assessors stated *"There is clear evidence that Walsall provides members with a high degree of learning and development opportunities, and its member development programme has contributed significantly to improve the services it provides to the community."*

#### **Federation of Music evaluation of Walsall Music Service**

A peer moderation of Walsall Music Service was carried out by the Federation of Music in the summer term of 2009 and produced a highly complimentary report which rated the service as 'outstanding.' The report stated *"Walsall Music Service is an outstanding service and the facilities provided for learners, schools and the community at the Forest Arts Centre are outstanding and worthy of disseminating more widely. The breadth of knowledge and experience within the service management and teaching teams indicate that the service has excellent capacity to both sustain and improve its provision in the future."*

## **Appendix Two – Annual Audit and Inspection Letter (April 2009) Areas for Improvement Update**

**Action recommended in AAIL -** *(In response to the introduction of CAA) the Council needs to continue working well in partnership. It is critical that the Council continues to work closely with partners to maximise the collective response to the issues in the area.*

**Activity to date** The council is a full and active member of the Walsall Partnership. The Walsall Partnership Board has continued to develop utilising facilitated sessions and has learnt from the experience of managing the first year of Comprehensive Area Assessment reporting. The WP continues to work with Government Office West Midlands in relation to the progress being made in the delivery of the Local Area Agreement. Examples of good partnership working include work regarding data analyst and data management across the partnership being completed and a new neighbourhood management model scheduled for implementation in 2010 has been agreed.

**Action recommended in AAIL –** *Support services, in particular HR, ICT and Legal are developed and organised to fully support the ambitions and priorities of the Council.*

**Activity to date** Re-organisation within the Resources Directorate has created the Business Change portfolio (which includes HR & ICT) which has been designed so that business problems are clearly defined from a strategic context so to ensure resources are effectively allocated and utilised. Change activity is project managed to ensure the benefits of change are fully realised and that resource is being used efficiently and effectively. This structure will support the council and individual services in achieving service improvements and efficiencies as activity will be targeted to where it is needed most.

**Action recommended in AAIL –** *Senior management capacity is sufficient to increase momentum.*

**Activity to date** Consistency in senior management has been achieved with the appointment of a permanent executive director for Children services and Adult Services recently being made and recruitment for replacement assistant director for specialist children services in train. In addition the Leadership Forum has been re-energised with 3 meetings held in 2009 and a further programme of activity established.

**Action recommended in AAIL -** *A more holistic approach is taken to the delivery of outcomes, for example through the development of scrutiny.*

**Activity to date** The performance and scrutiny team are implementing recommendations following an internal audit report that used the Centre for Public Scrutiny (CfPS) 4 principles of good scrutiny as a 'baseline'. In addition there have been improvements in the on going relationships between

scrutiny panels and the relevant portfolio holders and a pilot of different forms of social media to encourage a greater level of public engagement.

**Action recommended in AAIL** – *Invests in improving voluntary sector infrastructure and relationships to improve its capacity to contribute to delivery.*

**Activity to date** A review of how the Voluntary and Community Sector should be supported has been commissioned with the support of the West Midlands Regional Improvement and Efficiency Programme (RIEP). The recommendations from this review should be considered when available and used to shape further activity.

**Action recommended in AAIL** – *Ensure that the future needs of all sectors of the community are met, in particular older people and vulnerable groups by further developing strategies which explicitly identify and address needs and focus services deliver accordingly.*

**Activity to date** The council has invested in improved information flows in order that it can make swift and better decisions around services. The Joint Strategic Needs Assessment core data set has been used to improve information to commissioners and outcomes such as additional attention given to tackling fuel poverty are positive outcomes of this approach.

**Action recommended in AAIL** – *The Council must prepare for the implementation of International Financial Reporting Standards and asses the impact on its financial monitoring and reporting arrangements.*

**Activity to date** The International Financial Reporting Standards (IFRS) convergence project is well underway and on target to produce a set of draft shadow accounts for 2009/10. The project group maintains a project plan and is currently working with Grant Thornton and a number of other advisors to ensure the Council are fully compliant within the statutory timescales.

**Action recommended in AAIL** – *The Council must continue to develop a corporate approach to Comprehensive Area Assessment and the Council's organisational assessment.*

**Activity to date** The council has been a key player within the Walsall Partnership in terms of the management of the CAA process. There has been close liaison between council and partnership officers in relation to the flow of information to the Audit Commission to inform both the area and the organisational assessments. Work is now in progress in relation to capturing lessons learnt following the introduction of CAA with a view to developing a plan to manage the process moving forward.