



PUBLIC SECTOR

Review of Local Area Agreement

Wiltshire County Council
March 2009

AUDIT

Review of Local Area Agreement

The contacts at KPMG in connection with this document are:

Chris Wilson
Partner
KPMG LLP (UK)

Tel: 0118 964 2269
christopher.wilson@kpmg.co.uk

Darren Gilbert
Senior Manager
KPMG LLP (UK)

Tel: 029 2046 8205
darren.gilbert@kpmg.co.uk

Page

Contents

Executive summary	2
Detailed report	
• Governance arrangements	4
• Financial management arrangements	5
• Performance management arrangements	6

This report is addressed to Wiltshire County Council and has been prepared for the sole use of the Council. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Chris Wilson, who is the engagement partner to the Council, telephone 0118 964 2269 email christopher.wilson@kpmg.co.uk who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, email trevor.rees@kpmg.co.uk who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Investigation Officer, Audit Commission, Nicholson House, Lime Kiln Close, Stoke Gifford, Bristol BS34 8SU or by e mail to: complaints@audit-commission.gov.uk. Their telephone number is 044 798 3131, textphone (minicom) 020 7630 0421.

Executive summary

Introduction

1. Local Area Agreements (LAAs) aim to enable public, private and voluntary sector bodies to co-ordinate their efforts and financial resources in order to improve services and quality of life for local people. Wiltshire County Council's LAA was agreed in June 2008, following the introduction by the Government of a new LAA regime. The agreement is between central government, represented by the Government Office, and the local area, represented by Wiltshire County Council as the lead accountable body and other key local partners. The LAA forms part of the Local Agreement for Wiltshire (LAW).
2. The LAA is based on outcomes. It will enable the Council and its partners to deliver nationally determined improvements in a way that reflects local priorities. It is intended to provide flexibility to find local solutions to local problems, and to target spending to achieve the local priority outcomes.
3. LAAs provide an opportunity for more effective joint working. They also pose potential risks for the stewardship of resources by public bodies. LAAs are complex and whilst the Council and its partners have experience of partnership working over a number of years, and indeed of working with the previous LAA regime, the new LAA presents new challenges. In particular, the Council and its partners must ensure that effective governance, financial management and performance management arrangements are developed and implemented. The new LAA was introduced against the background of significant change to the structure and operation of the Wiltshire 'family of partnerships', and as such presented an ideal opportunity to develop such arrangements.
4. Under the Audit Commission's Code of Audit Practice we are required to carry out work to evaluate significant risks to the body subject to audit. Our risk based audit planning for the Council's 2007/08 audit identified the LAA as a key audit risk. We therefore agreed with the Council to carry out a review of the risks associated with its participation in the Wiltshire LAA. This review was timed to take place after the initial groundwork had been undertaken to develop and establish the new LAA and its associated arrangements. We therefore undertook the audit work for this review towards the end of 2008.

Objectives and scope

5. Our objective was to obtain assurance that the Council has established the necessary arrangements to support, monitor and deliver the targets set out in the new LAA. Whilst there are clearly many partner organisations involved, our focus was specifically on the Council's arrangements, both in its capacity as the lead accountable body for the LAA and considering the steps it is taking 'internally' to ensure it delivers the aspects of the LAA's objectives for which it is responsible.
6. The audit involved a detailed review of a large number of relevant documents, along with a series of interviews with a range of key people involved in the LAA. As well as involving some of the Council's executive leadership and staff from the corporate centre who oversee the LAA, the interviews involved representatives from a sample of thematic partnerships which were selected through discussion with the Council – the Community Safety Partnership and the Children & Young People Trust Board.
7. Our work focused on a number of key questions in relation to the governance, financial management and performance management arrangements for the LAA. These are set out in the detailed report along with a summary of our findings in each area.

Conclusion

8. The Council has established comprehensive and appropriate governance arrangements for the LAA, and how this sits within its wider approach to partnership working. Structures are clear and understood, as are the lines of accountability surrounding the various groups that have been established within the Wiltshire 'family of partnerships'.
9. Reliance is placed on the established financial management arrangements of each organisation, thereby mainstreaming that aspect of the LAA into the day-to-day business of the LAA partners. The Council has considered how to resource and provide capacity for the management and monitoring of the LAA.

Executive summary

Conclusion (continued)

10. Evidence obtained during our review indicated a clear and consistent commitment to the LAA within the Council and from other partner organisations. Performance management arrangements have been developed which focus on monitoring the achievement of the outcomes intended through the LAA. Targets were suitably informed by past performance levels, although this will need to be revisited and refined to reflect new and changed indicators under the new National Indicator set. The Council should conduct a data audit to ensure that the data necessary to monitor and report on the full range of LAA targets can be produced. Given the significant number of indicators now being monitored, there is also value in identifying those that are considered to be of highest priority or importance for specific attention during monitoring. Finally, the Council is developing appropriate performance management systems for consistent adoption across the LAA through the BMP implementation.
11. The development of the current LAA and the wider arrangements supporting it has been clearly informed by the experiences of working within the previous LAA regime and other areas of partnership working. There are plans to formally evaluate the new arrangements approximately 18 months into the new approach. In the meantime, arrangements continue to be refined based on experience to date and to adapt to other changes, such as those brought about by the move to the new unitary council.
12. The remainder of this report summarises our conclusions regarding the governance, financial management and performance management arrangements that the Council has developed for the LAA. Within this we have identified a small number of 'areas of future focus'. These relate to identified areas where further development is needed to the current LAA arrangements. We have not reflected these in audit recommendations, however, as it was clear from the audit work for this project that the Council has recognised these development points and already has plans in place to address them.

Section 1 - Governance arrangements

The Council has established comprehensive and appropriate governance arrangements for the LAA, and how this sits within its wider approach to partnership working. Structures are clear and understood, as are the lines of accountability surrounding the various groups that have been established within the Wiltshire 'family of partnerships'.

Key questions	Findings
Are outcomes clearly defined and consistent with other local strategies?	<p>Yes. The LAA, contained within the LAW (Local Agreement for Wiltshire), sets out seven agreed ambitions based on the Sustainable Community Strategy (SCS). The SCS was the culmination of two years of consultation in order to agree and codify the key priorities for the county.</p> <p>Review of the LAW/LAA and other documents indicates that outcomes and targets are generally defined clearly and appear to be developed so they are consistent with other strategies. There was a clear challenge process to ensure that ambitions and targets were achievable, challenging and acceptable to partners.</p> <p>Also, whilst it is recognised that the LAA is much wider than just local government, the timing of both the new LAA and the transition to the new unitary council have been used as an opportunity to align plans, processes and performance management arrangements.</p>
Is the leadership of the LAA clear and effective?	<p>Yes. WCC and its partners have put considerable thought into the development and construction of appropriate governance structures. This overarching structure facilitates clear leadership on the LAA on all levels (political, executive / senior management, service / thematic delivery partnership level). There is a clear definition of the roles and responsibilities of the various groups, ensuring that leadership roles are clear. The County Council is also clear that, as the accountable body, it takes a lead role on the LAA by providing support, challenge and leadership.</p> <p>The senior management individuals interviewed during this review demonstrated a clear commitment to and enthusiasm for the LAA.</p>
Is there a clear decision making processes within the partnership?	<p>Yes. There is a clear definition of the roles and responsibilities of the various groups. The Assembly has a wide membership and recommends ambitions and sets challenges for the partners. The Accountable Bodies Group authorises plans and commissions activities. The Co-ordinating Group brings together the various Thematic Delivery Partnerships (TDPs) to ensure a co-ordinated approach to developing proposals and delivery. The TDPs then oversee implementation and provision, bringing together the involvement of the relevant lead agencies.</p>
Has the partnership implemented an effective approach to risk management?	<p>This has been considered, although arrangements are still developing. Risk was considered during the development of the LAA targets and actions, for example through the challenge workshops aimed at testing the robustness of proposals. The LAA also identifies specific risks for certain targets.</p> <p>Each of the key partners has its own risk management arrangements that would apply to the individual organisation's activities which contribute to the LAA. The TDPs are however encouraged to use the County Council's risk management approach, which itself was refreshed last year.</p>
Are there strong controls to ensure accountability and scrutiny within the partnership?	<p>Yes. Building on the comments above about clear structures, accountability channels are clearly defined. TDPs are tasked with implementation and are held to account for this. Reporting lines have been established and it is intended that they will be developed further in the light of experience from the first year of the LAA. Formal scrutiny arrangements are also being developed, alongside those being established for the new unitary council.</p>
Are local people, voluntary and community organisations involved?	<p>Yes. The Voluntary and Community Sector is represented on the Wiltshire Assembly and the Co-ordinating Group. The Council is also developing an approach to Area Boards alongside the move to Unitary status. It is also an important feature in some of the TDPs.</p>

Section 2 – Financial management arrangements

Reliance is placed on the established financial management arrangements of each organisation, thereby mainstreaming that aspect of the LAA into the day-to-day business of the LAA partners. The Council has considered how to resource and provide capacity for the management and monitoring of the LAA.

Key questions	Findings
Does the LAA have the capacity and arrangements to develop a LAA with a sound financial base?	<p>Yes. The approach is to secure commitment from partner organisations to the actions required to deliver the LAA ambitions and targets. Through this, the organisations confirm the commitment of resources. This is a deliberate approach to rely on the financial resources and capacity of the organisations involved and effectively mainstreams the LAA into their day to day business, rather than establishing a 'separate' LAA resource. It also allows the LAA to open up greater funding and resources, whereas under the previous LAA regime the tendency generally was for partner organisations to commit smaller amounts of funding to specifically established LAA pooled budgets.</p> <p>In terms of management capacity, the Council has dedicated a significant amount of management and administrative time to the development and support of the wider LAA arrangements. Again, the focus is predominantly on using and building on established staffing and structures. There is a positive culture of senior management ownership and involvement in "their bit" of the LAA. This supports the comments above about positive leadership – the senior individuals involved value the opportunity presented by the LAA and are aware that its success is to a great extent dependent on there being sufficient commitment and buy-in from each organisation. By being sufficiently involved, senior individuals are bolstering the overall capacity and resource for the LAA.</p>
Are there effective arrangements for setting and monitoring budgets?	<p>Yes. In general, the TDPs agree and co-ordinate strategy and action and it is left to the partner bodies to manage the financial resources committed to the LAA through their mainstream budgetary monitoring processes. This approach complements the wider approach which seeks to embed the LAA into the day-to-day operations of the key partners, rather than establishing separate administrative arrangements.</p> <p>The Council has gathered information from LAA partners about their planning, budgeting and performance timetables, so that differences can be identified and understood.</p> <p>Financial or budgetary issues would become apparent, and therefore be discussed, through the monitoring of LAA actions and delivery (i.e. if financial constraints were hampering the achievement of a target or action then this would be evident).</p>
Are adequate arrangements in place to demonstrate compliance with LAA terms and conditions and with statutory and other requirements?	<p>Yes. There is a central team in the County Council that co-ordinates the LAA. This provides both the resource and focus required to ensure that requirements are identified and communicated. No concerns or issues regarding compliance with LAA terms and conditions were highlighted during the various interviews we held. Furthermore, the new LAA regime does not provide the same extent of terms and conditions that must be adhered to as was the case in the past (for example there are no pooled budgets).</p>
Are there clear arrangements in place for monitoring and controlling management costs and for ensuring that efficiency savings are used to further LAA objectives?	<p>Yes. By building on the established planning and budgetary processes of key partners, the Council has avoided unnecessary duplication and cost that would otherwise have arisen from having to develop LAA-specific arrangements.</p> <p>The wider governance and monitoring arrangements are necessarily complex and therefore inherently costly, given the extent of membership from the Council and other partners. However, they have been established to co-ordinate strategy development and performance management and are in many ways more streamlined from earlier arrangements (and therefore less costly than would otherwise have been the case). For example, the Community Safety Partnership (one of the TDPs) rationalised its membership so only six key individuals regularly attend partnership meetings. This is considerably down from more than twenty previously, thereby reducing the cost of officer time (and reinforcing the point below about ensuring those involved have sufficient seniority and authority to make decisions and commit resources at these meetings).</p> <p>Any efficiency savings would be generated by individual organisations through their day-to-day activities. These would be re-directed as the organisations decide and not necessarily targeted at LAA ambitions, although the extent to which the LAA has been linked to policies and strategies means that there is a good chance that savings would be used to the benefit of LAA objectives.</p>

Section 3 – Performance management arrangements

Evidence obtained during our review indicated a clear and consistent commitment to the LAA within the Council and from other partner organisations. Performance management arrangements have been developed which focus on monitoring the achievement of the outcomes intended through the LAA. Targets were suitably informed by past performance levels, although this will need to be revisited and refined to reflect new and changed indicators under the new National Indicator set. The Council should conduct a data audit to ensure that the data necessary to monitor and report on the full range of LAA targets can be produced. Given the significant number of indicators now being monitored, there is also value in identifying those that are considered to be of highest priority or importance for specific attention during monitoring. Finally, the Council is developing appropriate performance management systems for consistent adoption across the LAA through the BMP implementation.

Key questions	Findings
Are partners committed at the highest level to effective joint performance management?	<p>Yes. It was evident from our interviews, which included a range of people from within and outside of the Council, that there is clear and consistent commitment to the LAA. There was frequent reference to the opportunity that the LAA has provided to improve public services in Wiltshire and the way in which the key agencies work together. In particular, a recurring comment was that the new LAA and its wider governance structures are focusing much more on actions and outcomes than has been the case in the past. For example, the Children & Young People Trust Board (one of the TDPs) has a strong emphasis on 'what will be different'.</p> <p>This has therefore been seen as a positive and refreshing change by those concerned, allowing performance management arrangements to focus on progress in the delivery of the agreed ambitions and targets. This strong focus on actions permeates through all levels of the LAA – those we interviewed confirmed that the meetings they attend are more focused and are no longer seen as just a 'talking shop'.</p>
Do partners use past and current performance to plan future action?	<p>Yes. Past performance levels informed the debate over priority areas to focus on when developing the LAA. It was also used to inform decisions over target setting.</p> <p>The caveat is that the Council used information on past and current performance to the extent that it was available and applicable. The change to the new National Indicator set requires the Council to revisit a number of targets to refresh and update them in the light of more complete or more accurate information, once this becomes available. This has been acknowledged clearly by the Council, indeed the Government has agreed that some targets will also need to be reviewed to reflect developing definitions for the new NIs. This is a national issue and is not specific to Wiltshire.</p> <p>In the face of such significant change to the performance indicator base, the Council has recognised the need to review what data is collected, by who and how, to ensure that the LAA information needs are met and any identified gaps addressed.</p> <p>It is also recognised that there are a lot of performance indicators. Whilst all relate in some way to a LAA ambition and are therefore important, it will be advisable to identify the critical indicators to help focus attention on these through 'higher level' performance scrutiny.</p> <p>Areas of future focus</p> <ul style="list-style-type: none"> ● Revisit and re-base targets in the light of new or complete data on performance to ensure that they are sufficiently challenging and achievable, and also to reflect amendments to performance indicator definitions. ● Complete a data audit for the LAA to identify any gaps within the Council's information systems and those of its partners, to ensure that the information needs of the LAA can be met. ● Develop a 'dashboard' or equivalent to allow specific focus on the areas and related performance indicators / targets that are considered to be of highest priority or importance.

Section 3 – Performance management arrangements

Key questions	Findings
Is the local performance management framework effective?	<p>Yes, it appears to be, although the LAA is still in its relative infancy and arrangements will continue to develop. As an interim measure, the Council's Excelsis performance management system is being used until the new BMP system goes live later this year.</p> <p>Underpinning the performance management system, responsibility for actions and targets has been assigned to an appropriate level within TDPs and the performance management arrangements have been agreed. Where TDPs have needed to be formed following the agreement of the LAA, lead officers were identified for performance management purposes until the TDPs are fully developed. A standard 'performance management profile' template has been developed for TDPs to use to report regularly on progress against the agreed targets and actions.</p> <p>Behind this there is an agreed approach to action planning, using standard templates to record and articulate the actions and activities supporting each ambition, the desired outcomes, target group and area affected, milestones, partner organisations involved, required resources, targets and related National Indicators.</p> <p>Within the Council, Cabinet receive LAA performance reports on a quarterly basis, replacing the previous Council-specific reports.</p> <p>Area of future focus</p> <ul style="list-style-type: none"> ● Refine and roll out completely the agreed system for managing and reporting on performance. Ensure that the new BMP system facilitates this process – both in the short terms during migration to the new system and in the longer term as it beds down.
Do partners regularly review the performance management framework and its effectiveness?	<p>Yes. The development of the current LAA and the wider arrangements supporting it has been clearly informed by the experiences of working within the previous LAA regime and other areas of partnership working.</p> <p>There are plans to formally evaluate the new arrangements approximately 18 months into the new approach. In the meantime, arrangements continue to be refined based on experience to date, such as those brought about by the move to the new unitary council.</p>