

Herefordshire Council

Corporate Assessment

December 2002

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Framework for Corporate Assessment

The White Paper '*Strong Local Leadership – Quality Public Services*' acknowledges the importance of strong leadership in local government:

“High quality council services rely on strong corporate governance from their political and administrative leaders. Where individual services fail the reason often lies in political or administrative shortcomings at the heart of the organisation.”

For this reason Corporate Assessment (CA) is an important component of the Comprehensive Performance Assessment (CPA). It sits alongside service and audit assessments in providing key information to feed into the comprehensive assessment framework. Its aim is to assess community leadership as well as corporate arrangements and capacity to support services in delivering improvements. The outcome of the CA is one judgment about a council's ability to improve services. The methodology for CA has been developed from the following tried and tested approaches:

- The framework for governance developed by CIPFA and SOLACE, which the Audit Commission has developed and used in its first year of corporate governance inspections.
- Code of audit practice used by the Audit Commission's appointed auditors for local government.
- The critical success factors for improvement set out in the Audit Commission's publication *Changing Gear*.

Corporate Assessment seeks to answer four fundamental questions which are underpinned by specific themes:

1. What is the council trying to achieve?
 - Ambition
 - Focus
 - Prioritisation
2. How has the council set about delivering your priorities?
 - Capacity
 - Performance management
3. What has the council achieved / not achieved to date?
 - Achievement
 - Investment
4. In light of what has been learnt, what does the council plan to do next?
 - Learning
 - Future plans

Appendix 1 sets out the work that has been done by the Audit Commission's Corporate Assessment Team (CAT) to assess the council's performance against these themes. Each of the themes has been given a score between 1 and 4, based on the following scale:

1. Very weak: few or no identifiable strengths
2. Fairly weak: some strengths, but on balance these are outweighed by weaknesses
3. Fairly strong: some weaknesses, but on balance these are outweighed by strengths
4. Very strong: few or no identifiable weaknesses

The scores for the themes will be used to inform the overall judgement:

What is the council's proven capacity to improve?

Summary and Scoping of Corporate Assessment judgements

1. Herefordshire is an attractive area centred round Hereford City, five major market towns and a substantial hinterland of pleasant countryside. The council wishes to build on this positive base by creating fulfilling opportunities for work, leisure and education within the county whilst preserving the natural beauty of the environment. From a challenging start in 1998, when the council took over the services of four district councils and part of a county council, the council has sought to create one organisation with a distinct identity. The council reflects the local populace in being modest about its achievements but it has achieved a lot in a short space of time by operating through consensus and by working closely with its partners. The Community Plan has provided the focus for partnership working and has contributed significantly to the council being able to attract significant external funding to deliver projects tackling local priorities, such as rural access and pockets of deprivation in Hereford City. In this respect, the Plan has enabled the council to punch above its weight as a small low-funded authority. The council has also displayed community leadership and its partners, including local businesses, are positive about the council, its councillors and staff.
2. The council has made significant strides in strengthening key services such as education, social services and housing which are priority areas. Performance is more mixed in other areas. Improvements are attributable to the work of committed staff and a track-record of innovation. It was one of the first councils to be granted an Education Action Zone and amongst the first to appoint a joint Director of Health and Social Services. Despite this, public satisfaction with the council's services is generally low, with some exceptions such as education and housing. Local people also perceive that progress in some areas has been slow, such as dealing with city centre congestion. The failure to engage the public fully is partly due to the council's inability to communicate its vision enshrined in the Community Plan effectively. However the public's discontent is also fuelled by the patchy performance of some services such as highways maintenance. Moreover the council's performance management systems are not uniformly robust and consequently the council does not maintain a sufficiently strong focus on weaker performing services.
3. The council is now at a turning-point. It is striving to take forward a wide range of initiatives including an ambitious modernisation agenda encompassing the rationalisation of the council's accommodation and the reconfiguring of service delivery through the use of ICT, One-Stops Shops and more flexible patterns of working. This will place a heavy strain on management capacity. The council has set out broadly how it intends to build additional capacity to support the change agenda, but these plans have not yet been fully developed in detail. The council has also not communicated which initiatives are its top priorities which could lead to a loss of focus. In addition, it has not set out the corporate monitoring arrangements to ensure the programme of change is delivered successfully.
4. In conclusion, Herefordshire council has strengths which broadly outweigh weaknesses. Overall the council is moving in the right direction and deserves encouragement. The positive messages in this report should spur the council on to further improvement.

Corporate Assessment Score

Corporate Assessment Score			
Key Question	Theme	Un-Weighted Score	Weighted Score
What is the council trying to achieve ?	Ambition	4	4
	Focus	3	3
	Prioritisation	2	2
How has the council set about delivering its priorities ?	Capacity	3	3
	Performance Management	2	2
What has the council achieved/not achieved to date ?	Achievement	3	9
	Investment	3	6
In light of what has been learnt, what does the council plan to do next ?	Learning	2	2
	Future Plans	2	2
TOTAL THEME SCORE			33
OVERALL CORPORATE ASSESSMENT SCORE			3

Recommendations

To ensure that focus is maintained on the Ten Ambitions contained in the Herefordshire Plan (the Plan) and the council's Best Value Performance Plan, the council should in the next twelve months:

- ◆ explain the Plan's vision to the public more effectively by producing clear and accessible messages which can be communicated to partners, staff and the public and set out how the results of public consultation have been fed back into the councils' plans
- ◆ with its partners, set measurable targets for each of the Ten Ambitions over a three to five year time frame which clearly link through to the underlying service plans and action plans
- ◆ with its partners, refocus the work and scope of the Ambition groups by the end of 2002 to reflect the shift from planning to delivery
- ◆ communicate its top priorities more clearly and ensure that key initiatives for the immediate future in particular the modernisation agenda are fully resourced and robustly project-managed with key milestones and targets to maintain focus
- ◆ examine the scope to rationalise the number of plans produced by the council to strengthen focus and intelligibility
- ◆ integrate service and financial planning with key priorities more explicitly and develop detailed robust medium-term financial planning at both a strategic and service level, building in known operational risks and contingency arrangements
- ◆ develop a corporate plan to emphasise priorities, set out the interrelationships between the council's major initiatives (and the project management arrangements) and provide a unifying strategic overview.
- ◆ ensure as a matter of urgency that a contingency plan is developed for the delivery of 100 per cent of services electronically where appropriate- by 2004

To ensure that the momentum of the change management programme is maintained the council should ensure in the next twelve months that:

- ◆ the human resources strategy is fully bedded in and develop more detailed strategies to tackle issues relating to recruitment and retention and diversity
- ◆ team briefings penetrate consistently throughout the organisation and that opportunities for upward feedback are created
- ◆ personal appraisal systems encompass both feedback and target-setting linking into business planning and the council's overall objectives

- ◆ systems are in place to passport learning throughout the council more effectively, in particular relating to examples of good practice

To ensure that performance management supports the corporate strategy and further improvement initiatives, the council should in the next twelve months:

- ◆ urgently develop a corporate framework for performance management and a more robust strategic overview of performance to heighten focus on poorer performing services
- ◆ ensure that a consistent approach is taken to performance management throughout the council and develop EFQM as a robust tool for both business planning and performance reporting
- ◆ improve the accuracy of performance indicator and management information
- ◆ establish a corporate approach to project management and ensure it is adhered to consistently across the council and is proportionate to risk
- ◆ develop risk management systems to incorporate both operational as well as insurance risk

Context

The locality

- 1 Herefordshire council is a unitary authority which was created following local government reorganisation on 1st April 1998. It is situated in the southern borderland between England and Wales. Hereford City is the main commercial, residential and administrative centre and the five market towns of Leominster, Ross-on-Wye, Ledbury, Bromyard and Kington provide the other principal centres of population. The county is mainly rural in character and is the second most sparsely populated county in England. Its population of 169,313 is expected to grow though migration-predominantly by the elderly-but there is a net outflow of young people. Only a small proportion of the population (0.6 per cent) is from black and ethnic minority communities compared to the national average (5.9 per cent). The majority of the county enjoys relatively poor access to the national motorway and rail networks.
- 2 The county has few large employers and is dependent upon 'vulnerable' sectors, particularly manufacturing and agriculture. Around 8 per cent of the workforce is employed in farming, forestry and fishing, which is higher than the national average (2 per cent). Tourism and creative industries are seen as growth areas in Herefordshire. Although unemployment is below the national average (3.6 per cent) at 1.9 per cent, average wages are only 84 per cent of the national average and 82 per cent of the regional average. There are some pockets of deprivation within the county and significant issues in relation to access to services in rural areas. For instance, 63 per cent of rural parishes have no post office and most have neither a general store (87 per cent), nor a small village shop (82 per cent). 57 per cent of households live more than 2km from a secondary school.

The council

- 3 The council currently has 60 elected members – 22 conservatives, 17 liberal democrats, 15 independents, 5 labour and 1 non-affiliated councillor. It has operated leader/cabinet arrangements since early 1999. Until the May 2000 elections, the council was administered by a majority liberal democrat group. Following the elections, the cabinet has become a joint administration of the liberal democrat, independent and labour groups. The cabinet which has seven member portfolios covering key service areas is supported by an overarching Strategic Monitoring Committee and four scrutiny committees and a number of policy panels, which were established to act as sounding boards for individual cabinet members. To encourage links between members and their communities, nine local area forums (LAFs) have been established based on geographical groupings of wards covering the whole county. Each forum includes all the councillors covered by that geographical area.
- 4 The management structure consists of four service directorates, a commercial services organisation and support services. The chief executive is responsible for the overall management of the council and each of the four directorates is headed by a director who also has a corporate management role. Each director is responsible for a number of heads of service.

- 5 The revenue budget for the council for 2001/2 is £141m, an increase of 6 per cent on the previous year. The council is the third lowest spending unitary authority (the second largest unitary authority in terms of area) and has the lowest council tax rate in the West Midlands. The overall capital budget for 2000/1 was £29m.

What is the council trying to achieve?

Ambition

- 6 The council's vision for Herefordshire is set out in the Herefordshire Partnership Plan, an overarching community plan. The creation of the Partnership Plan (the Plan), which was first published in 1999, is a positive achievement. It was developed following extensive consultation with partners and the public and takes account of national and local priorities. The Plan contains three core priorities, six guiding principles and ten Ambitions. The Ambitions are long term, covering a ten year period to 2011 and include measures of success and actions to be taken. For instance in relation to the Ambition to meet Herefordshire's accommodation needs, one measure of success is a decrease in homelessness. The action taken was to support a housing project for young single people in Hereford and Leominster which was completed in 2001. Each Ambition is linked explicitly to key council and partner plans. Whilst most councillors, staff, partners and local businesses share the Plan's vision and are supportive of its achievement, there is evidence that its messages are too complex to be easily understood by the public and owned by all staff. The Plan is also better embedded in some council and partner plans than others. However it is better developed than most community plans and is regarded as good practice by the Government Office of the West Midlands. The Plan has contributed positively to the close and successful partnership working which exists in Herefordshire, providing the glue which binds the partners together. Overall the Council has few weaknesses in this area.
- 7 The Partnership Plan's Ambitions and framework are clearly incorporated in the council's Best Value Performance Plan (BVPP) which is the council's principal corporate strategy document. The BVPP is underpinned by detailed service strategies which also reflect national and local priorities and take account of community views and the service user perspective. The council's key focus is around the Partnership Plan's three core priorities: to create fair and thriving communities; properly protect the environment and build a strong competitive economy. The council energetically carries these issues forward but recognises the need to communicate its priorities more clearly. The council seeks to exercise community leadership and is a key player, even in areas where it has no direct service input. For instance the council has been actively involved with the Learning Skills Council (LSC) and others to take forward a major development of FE/HE provision, which could be a significant initiative for the county.
- 8 The council's political leadership is keenly aware of local people's issues and has evolved links with local groups through the development of Local Area Forums. The cabinet and the council's senior management team work together well and have fostered an open and honest style of political and managerial control, including a 'no blame' culture which allows staff to be ambitious and take calculated risks. There is also a broad consensus amongst all the council's leading political groups and senior management about the necessity in a low-funded authority such as Herefordshire of working in partnership. Officers and members have a mature attitude to partnership working and accept that the benefits to be derived from co-operation outweigh any dis-benefits associated with a reduced ownership of shared successes. A practical example of this is that the council's One-Stop Shops display the council's logo no more prominently than that of its partners.

- 9 Despite the council's low-funding base, the council has a good track record in securing additional resources by working in partnership and by seeking alternative means of service delivery for instance the housing stock transfer. The Partnership Plan has provided a good platform to present strong funding bids and allowed the council to punch above its weight in securing significant levels of external monies. The council and its partners are now striving to take forward a wide range of initiatives which may reduce the focus on those priorities which will have the maximum effect on the area. In order to keep these successes going, the council will need to be clearer about its top priorities to ensure that this ambitious agenda is taken forward successfully.

Focus

- 10 The council maintains focus on the priorities which will improve local services. The development of the Herefordshire Plan has acted as a key mechanism to maintain strategic focus both in the medium and long-term. The Plan's priorities have provided a strong agenda for both the council and its partners to develop joint working to tackle cross-cutting issues and the delivery of shared priorities. Each of the priorities links into partner plans. Key partners see the council as having a strong community focus and argue that the council is itself focussed on the most critical issues. Weaknesses are broadly outweighed by strengths in this area.
- 11 The council's priorities are clearly owned by cabinet members and senior management. This has maintained effective focus. LPSA targets closely match the council's priorities. Priorities are however more clearly articulated through the budget process than through corporate plans. The council has focused attention on services which are key priorities: for instance significant effort has been invested in strengthening management capacity in social services. The leader and chief executive assisted by the local MP also provided strong support to the education department in securing its successful EAZ bid. The council has also been pragmatic in exploring options for other services requiring investment for instance the creation of the Leisure Trust to ensure focus is not shifted away from priority areas.
- 12 The cabinet style of working has brought greater focus to the council's work particularly through the ownership displayed by cabinet portfolio holders. Both cabinet and management team meetings generally concentrate on strategic issues and focus is maintained on the planned agenda. There is recognition of the proper boundaries between member and officer roles and a willingness to allow managers to manage within the framework set by the administration. Consequently there is little evidence of fire-fighting or distraction by minor issues. At a departmental level, service strategies are generally well focused and aligned to the Herefordshire Plan.
- 13 The council's corporate plans are well-developed but are too complex to be easily understood throughout the organisation as a whole, which serves to reduce focus. Whilst individual projects have clear plans, there is no overall project map setting out the key corporate projects, their linkages and principal milestones. Moreover, in a staff attitude survey, some staff raised concerns about the rate of progress on two key internal change projects accommodation rationalisation and 'single status' review. There are, in part, valid reasons to explain the pace of change, but better communications and a clear overall project map would have assisted staff understanding. Overall, big projects have been well managed, which has strengthened focus.

- 14 Ambition Groups, involving all partners, are tasked with delivering the cross-cutting aims within the Herefordshire Plan. The groups have provided an effective vehicle to engage with partners at the right level. However the translation of their priorities into clear actions with milestones attached has been uneven. Some group members are also concerned that, two years into their evolution, the groups are at a watershed between a planning and delivery phase which may necessitate significant re-focusing. The council recognises that the scope of some groups may now be too broad to retain focus and partner interest, but understands that any changes must be managed by the Partnership rather than imposed.

Prioritisation

- 15 The council is committed to consulting with the community to inform priority-setting as is evidenced by the extensive involvement of the public in developing the Herefordshire Plan and the use of Local Area Forums and focus groups. The council is also effective in creating shared ownership of priorities with partners and linking its issues to the wider public service agenda and is aware of its external and internal environment. It is far less effective at communicating these priorities to the public and its own staff. As a result the public is unclear about what the council stands for. Weaknesses narrowly outweigh strengths in this area.
- 16 The Herefordshire Plan's three key priorities are closely aligned to LPSA objectives. The LPSA objectives also link into national priorities, such as the adoption of a stretch target for the delivery of electronic government by 2004. Whilst the Plan's three priorities provide the broad context, the BVPP does not state which services are the council's own top priorities, at the next level down. Its key priorities are recognised implicitly through the budget process. The council has clear priorities to fund Education at SSA; maintain the highways budget; respond to increasing social services pressures and build up ICT capacity. These areas have been gainers in successive budgets, particularly taking the largest share of any council-tax increases. The public is however not aware of these priorities. For instance, most people do not know that the council has protected the highways budget, precisely in response to public concerns about poor roads. Lower down the organisation, staff are less clear about priorities and therefore cannot own them.
- 17 Although the council uses a wide range of consultation methods, it is not always effective at communicating to the public how plans have been informed by the results of consultation. Citizens' panels and other focus groups echoed this finding. On a larger scale, the Council is starting to use consultation to feed priority-setting as part of the budget process but this is not yet fully developed.
- 18 Levels of satisfaction with council services vary significantly, particularly relating to the value of services and feeling well-informed, as evidenced by two surveys since 1999. Research by MVA has shown clear gaps (65% or more) in public knowledge of services and improvements. Poor communication has contributed to a perception that the council is not focusing on the things that matter to people. The council is now seeking to address local priorities and concerns by adopting a number of small but targeted initiatives: for instance tackling cleanliness in Hereford and improving the appearance of principal roads and lay-bys. This is an effective approach which could be extended further.

- 19 The council is also seeking to improve communications and has launched a council newspaper. The council however has some way to go: its internal and external communications are relatively weak and its website is under-developed. Consultants reported in February 2002 that: ‘communications are patchy, worthy and dull, and the Authority is too reactive and modest’. The consultants have subsequently acknowledged progress made by the council since the February report. However, other than a widespread awareness about the good performance of the County’s schools, the public does not know about the council’s achievements.
- 20 In conclusion, the council does not tell its story as well as it could. The council’s contribution to the Herefordshire Plan has not been translated into simple compelling messages for public consumption. As a result, the council’s successes are not owned by the public. The council has recently undertaken work to strengthen its approach to communications but it is too early judge the impact of this work.

How has the council set about delivering its priorities?

Capacity

- 21 The council is self-aware about the skills and resources needed to deliver priorities and looks to outside suppliers and partners where it recognises that internal capacity is lacking. Members and officers work together well and understand their responsibilities which are clearly set out in standing orders and protocols. Internal capacity will be strengthened as the recent Human Resources Strategy becomes embedded. Officers have also proved that they have the capacity to deliver the council's priorities and to deliver a wide-ranging change agenda. Overall, strengths narrowly outweigh weaknesses in this area.
- 22 The council is generally well managed and the cabinet and management team work well together. There is close cross-party working within the cabinet and a strong commitment from all members to work for the good of the area. Leading members and officers are open and accessible. Partners and staff are positive about the ability of leading councillors and officers to lead the organisation and there is recognition, by Advantage West Midlands (AWM) and INLOGOV, of chief officer's ability to build capacity both internally and externally. The management team works closely together. However the corporate grip is not sufficiently robust, particularly in relation to performance management, which has led to an inconsistency of approach. The council has nonetheless strengthened senior management with a number of new appointments at director level and has significantly built up management capacity in social services following the critical SSI review of two years ago. The department is now headed by a full-time director and two full-time assistant directors for children's and adult services. Staff capacity at lower levels of the department has also been strengthened. As a result, the 2001-2 performance indicators show positive service improvements.
- 23 The council is very effective at working in partnership to deliver priorities. The Herefordshire Plan has created a genuine shared agenda which is reinforced through a Partnership Board on which partner chief executives sit. These strategic mechanisms help cement the operational joint working which is proving effective in areas such as community safety and the close working with the health sector. Between 2000 and early 2002 the council's director of housing and social care took up a joint appointment as chief executive of the local health authority. This helped joint working at a service level, leading to integrated learning disabilities and mental health teams. As well as working actively with Birmingham University and the LSC to enhance FE/HE provision-a key part of the council's agenda to reverse youth drift from the area and create greater vibrancy- the council is also working closely with AWM on a big project to regenerate Hereford town centre.
- 24 The council has a robust procurement strategy and actively builds capacity by using alternative forms of service provision. Recognising that it lacked the management capacity and resources to improve its leisure services further, the council transferred its assets to a Leisure Trust which has brought outside expertise in. Similarly the council is transferring its housing stock to a registered social landlord which can bring greater financial resources to bear. The council is also committed to externalising its direct service organisation.

- 25 Successful partnership arrangements are also important in localised projects which have delivered positive outcomes. For example, the Lengthsman Scheme has given some parish councils responsibility and funding for local roads maintenance and a re-modelled library in Colwall has been jointly funded and run by the local community and the council. Parish plans will also strengthen links and capacity.
- 26 The council was one of the first to adopt the cabinet and scrutiny model of political arrangements. It also created member policy panels to advise cabinet portfolio holders. The opposition Conservative group has the main scrutiny role and carries out this function constructively. The overall arrangements generally work well and members have started to play a greater role in the budget setting process through the budget panel. Member training is also well appreciated. However concerns have been expressed about overlap between the scrutiny function and the policy panels which has led to frustration and some loss of focus.
- 27 OFSTED and SSI attest to the commitment of the council's staff. Focus groups also confirm that managers are generally approachable and that there is good cross-service working. However, a staff opinion survey in 2000 revealed a picture of staff who generally enjoyed their jobs but also indicated concern about overall morale. The council has since introduced council-wide team briefings to pick up on concerns raised. The council has experienced recruitment and retention difficulties and has recognised that its human resources function has been insufficiently proactive in dealing with these issues. Consequently a human resources strategy was launched in June 2002. Whilst some key senior posts remain vacant, for example an assistant treasurer post, positive action has resulted in voluntary leavers as a percentage of staff in post, dropping from 16.12 per cent in 2000/01 to 13.27 per cent in 2001/02. At September 2002 it stood at 9 per cent. Pro-active measures have been taken to recruit and retain teachers and 'golden hello' payments have been used to help recruit social workers. The council has also agreed recently to appoint an external manager to strengthen its HR function. A number of inspectorates have concluded that the Council needs to make further progress in taking forward the council's diversity agenda.
- 28 The organisation's capacity is however becoming stretched and a number of staff expressed concern to us about the council's ability to deliver a wide range of priorities in future. The council is implementing a large change agenda over the next few years and it will be put at risk, if the staff involved in delivering these initiatives, are not supported properly.

Performance management

- 29 The council recognises that performance management remains a major challenge. The centre has not imposed a consistent performance management framework across the council to drive service improvement. The council has made progress in developing business planning, however the plans are inconsistent in quality and the extent of linkage to the Herefordshire Plan Ambitions varies. The council has developed, with its partners, action plans for each of the cross-cutting Ambitions but the focus on action is variable as not all plans have robust medium and long-term targets. This could lead to patchy delivery of the desired improvements. The council and its partners are seeking to refocus the Action Plans as part of the current review of the Ambition Groups to ensure policy is translated into practice. At this stage weaknesses outweigh strengths.

- 30 The council recognises that it lacks an overall performance management framework and as a result has piloted the EFQM model in a number of service areas. It is intending to roll out the model across the council as a corporate performance management tool. There is considerable ownership of this initiative and evidence that it has added rigour to business planning, however there is no indication how the tool will be used to drive up performance and monitor services. The chief executive aims to develop balanced score-card reporting for all services with a corporate overview but a working methodology has not as yet been fleshed out as yet. It is important that the council develops the tool as a real driver for change rather than as an elaborate process with little impact.
- 31 Performance monitoring systems have improved. Both cabinet and scrutiny committees receive regular reports on performance as well as the management team. The council has recently developed a detailed analysis of performance against the 'Top 16' indicators, explaining any dip in performance and actions needed to rectify problems. This analysis could be extended to other areas. The external auditor has however criticised the accuracy of performance indicators in two successive years. The council also has a track record of missing a reasonable proportion of targets and progress on delivering the council's LPSA targets is mixed at this early stage. Scrutiny committees have not focused sufficiently on poor performance although there has been good scrutiny of social care and housing.
- 32 The council has operated a Staff Review and Development (SRD) scheme but application of the scheme has been patchy in the past. This year approaching 100 per cent of staff received an SRD this year. The scheme is primarily focused on development. The opportunity to set performance targets for individuals is consistently used, only down to head of service level (or one tier below). The council intends to roll out a competency-based training programme for managers, covering performance management and other skills, but this has yet to commence. Senior manager training from certificate level to MBA has been in place since 1998.
- 33 The council has a project management culture but no overall corporate approach. The council has managed big projects effectively for instance the housing transfer and uses standard project management techniques in some areas. The council has a risk management strategy but it focuses mainly on financial/ insurance risks rather than the broader risks which could prevent the delivery of key projects or objectives. The council will be handling a large number of projects over the next few years. The lack of a robust risk strategy and standard project management approach could put this change agenda at risk. The council is now identifying operational risks in departments, recognising this gap in its systems.
- 34 The council has sound financial management systems. Framework principles have been established as part of developing a medium-term financial strategy and the introduction of the Budget Panel has started to link funding and priorities more effectively. The environmental services directorate has used decision conferencing to develop a three year budget which could be extended to other areas.
- 35 The council's services are generally low-funded and therefore many have low unit costs. The council seeks to strengthen value for money through its best value review process but the outcomes have been variable. There have been some very good reviews, for instance the recent housing review, but also some disappointing ones. In the past there have been too many small ineffective reviews. A greater consistency in the rigour of reviews will help drive up performance.

- 36 The council has numerous corporate strategies but the overall picture is complex and difficult to grasp. Despite this, the council generally gets on and delivers. However, the lack of a robust performance management framework, operating across all services, has resulted in some services not being sufficiently challenged, particularly when key targets are not met. Strengthening systems and driving up the performance of some weaker services remains a key task for the council.

What has the council achieved/not achieved to date?

Achievement

- 37 The council has focused on delivering improvements to services which link to key priorities. In 1998 the council inherited a range of services of variable quality from five different authorities. Merging these services and delivering to a common standard has been a significant achievement and the council has achieved good service improvement in some key priorities areas such as education, social services and housing. Performance is mixed in other areas. The council needs to bring all of its services up to the standard of the best and address issues of concern to local people which have resulted in low overall levels of customer satisfaction. Overall strengths outweigh weaknesses in this area.
- 38 Education is a key part of the Herefordshire Plan priority to increase economic and social prosperity and underpins the ambition to provide excellent education, training and learning. The public readily acknowledges the positive achievements of the county's schools. OFSTED commented in its inspection report of 2000: 'Education plays a clear role in the achievement of the [Herefordshire Plan] Ambitions'. The council has taken forward the recommendations from the inspection and its education development plan is now rated in the top 25 per cent of all authorities. Educational attainment indicators have improved steadily across the board with results at Key Stage 1 and 2 now in the top 20 per cent of authorities. Herefordshire's Education Action Zone (EAZ), one of the first nationally, has piloted a number of initiatives to tackle the impact of rural and urban deprivation, which have been taken up by schools in other parts of the country. The failing Hayward school which received EAZ funds has improved the percentage of pupils achieving 5 A-C grades from 10 per cent to 30 per cent in three years following positive LEA action, an achievement recognised by a local tenants' focus group. The Sixth Form College's results are in the top ten in the country.
- 39 Economic development also contributes to the economic and social prosperity priority. The inspection of economic development, local development and tourism received a rating of two stars with promising prospects for improvement in July 2002. The action plan is being taken forward positively. The council has levered in significant funds to pump prime economic regeneration projects using the Herefordshire Plan as a platform. As a result, facilities and the physical environment have been improved substantially in the relatively deprived South Wye area of Hereford, following a successful SRB project and Leominster and Ross on Wye have received substantial boosts to their town centre infrastructure following grant-funded regeneration projects. These improvements are regarded positively by local people, the Chamber of Commerce and the Government Office West Midlands. Recognising that access to services is a problem in rural areas, the council has shown community leadership by transforming customer service delivery through the development of: One Stop Shops in market towns; community access points; a call centre and electronic delivery channels. People in Ross on Wye and Leominster can now easily obtain responsive advice in the two new award-winning Info Shops, which local people use in increasing numbers and regard highly.

- 40 In relation to the Plan's other two priorities to create fair and thriving communities and protect the environment – good progress has been made in key areas. The Government Office West Midlands considers Herefordshire as one of the top housing authorities in the region and judges the housing transfer process to be exemplary. In 2001, inspectors rated the homelessness service to be three stars and likely to improve, one of the first in the country to receive three stars. Overall tenant satisfaction at 83 per cent is in the upper quartile and 70 per cent of housing indicators have improved. In the last three years, 310 new homes have been provided with registered social landlords and 134 private sector empty properties have brought back into use. A supported living project for people with learning disabilities a joint initiative between housing, health and social care is also working well. In relation to creating fair communities, significant improvements have been made in social services following a critical report on children's services in 2000. SSI now rates social services two stars overall and both children and adult services are considered likely to improve. A GP referral scheme for social workers is delivering improvements for clients and a stronger focus has been brought to delivering education for looked after children. However the number of adult clients receiving a review as a percentage of those receiving a service is low at 25 per cent, although this represents an improvement. Cultural vibrancy has been enhanced by the opening of the attractive Courtyard Theatre, but the Library service has recently been rated as fair with uncertain prospects of improvement.
- 41 The performance of other services is more mixed. In overall terms, the 2000-1 performance indicators (PIs) showed 31 per cent of PIs to be in the top quartile for unitary authorities, 39 per cent in the middle range and 30 per cent in the lower quartile (excluding cost indicators). Services with more mixed performance include highways, planning and benefits processing. PIs indicate that the state of the County's non-principal roads is poor and this is reflected in dissatisfaction expressed by focus groups. The council has protected the road maintenance budget in response to concerns. Inspectors rated the roads maintenance service as one star with uncertain prospects for improvement in March 2002. Poor performance in relation to road accidents, an LPSA target, is a difficult issue for a council to tackle with a wide rural road network, but the number of pedestrians killed or seriously injured has almost halved in the last two years. Planning performance against the 8 week target at 64 per cent (2001-2) is around average but has improved from 45 per cent in 2000-1. The performance of the housing benefits service in processing only 18 per cent of new claims on time (2001-2) is very poor, a deterioration from 33 per cent in 2000-1. The tenant's association focus group highlighted benefits processing as an area of concern. Community safety, finance and corporate health indicators present a generally positive picture, the latter showing consistent improvement. In 2001-2, 57 per cent of BVPI targets were met. About 50 per cent of PIs improved, 10 per cent remained static and 40 per cent deteriorated.
- 42 A significant proportion of indicators in the lower quartile relate to satisfaction. Overall satisfaction with council services (2001-2) at 59 per cent is in the bottom quartile for unitary authorities. Low satisfaction may reflect the council's poor communications record rather than poorly performing services per se, but our focus groups identified real concerns which the public perceives the council is not tackling. For instance, the public sees swimming pools as dirty and unwelcoming. The council is looking to the new Leisure Trust to address these issues. Inspectors rated the leisure service as a fair service and unlikely to improve in 2000 but have since concluded that the service is probably going to improve.

- 43 Most public concern centres on the environment, where it is perceived that the council has achieved less. The public argues that roads are getting worse, lay-bys are dirty and that there is a lack of buses throughout the county generally. The council has tried to respond to such concerns by: introducing the cleaner lay-by initiatives; devolving local repairs budgets to parish councils; introducing low floor buses; improvements to rural transport (such as night buses in targeted rural areas) and safer routes to schools. Some of these initiatives are starting to bite. The public is also concerned about congestion in Hereford City and its shopping and street facilities. Less progress has been made here, although discussions between AWM and the council could however lead to a significant regeneration of the city centre over the next 5-10 years. Whilst the shape of these developments is far from certain, the council has not communicated its vision for the city centre sufficiently clearly.
- 44 The council needs to strengthen services which are key to the public and bring the poorer performing services up to the standard of the best.

Investment

- 45 The council has created a resilient organisation from a difficult starting-point in 1998. The council has put in place the building blocks needed to deliver improvements, recognising that as a small unitary authority it would need to look to other ways of working to supplement its internal resources. Many of the elements are in place for the council to move on to its next stage of evolution. Strengths outweigh weaknesses in this area.
- 46 The council has demonstrated an openness to challenge and recent work by IDeA and District Audit has helped the council re-think its management arrangements. The council has responded to external challenge but would concede that implementation has been patchy. It has however used the IDeA review to make good investments for the future. The review pointed to the need to strengthen its HR function and revamp its communications. The new HR Strategy addresses many of the issues raised by IDeA and the proposed strengthening of the HR function should provide the underpinning needed to take forward the council's change agenda. A start has also been made on strengthening communications. The council continues to build up its internal challenge capacity through the use of scrutiny, which has had mixed success in challenging best value reviews and policy. There is now evidence of more 'front-end' scrutiny on a project basis and scrutiny committees are monitoring performance on a quarterly exception basis. The use of Local Area Forums and consultation both extend the council's range of challenge.
- 47 The council's modernisation agenda is providing the service framework for the future, based round the use of IT, One Stop Shops and alternative ways of working. The council has also built an effective infrastructure with partners and outside service providers to enable it to maximise the impact of its initiatives and divest itself of areas of service delivery which are not core. The Partnership Plan is the hub for all these developments. The council's track-record in managing big projects and internal changes has been successful: it has had no high-profile failures. Its quiet can-do approach and no-blame culture encourage innovation based on a considered approach to risk. A more formal risk strategy would buttress this approach further.

- 48 The council has maximised investment in services using external funding to meet local priorities. It has attracted substantial regeneration funding including £6.4m SRB monies for regeneration projects in Leominster and South Wye since 1997 and more recently £15.8m Objective 2 funding, for various economic regeneration projects over the next four years. The South Wye SRB scheme and the EAZ have provided an excellent model of the potential to integrate projects from different funding streams (relating to a broadly similar geographical area) and a good basis for thinking through funding bids in future. As well as delivering a solid legacy in the South Wye area. The challenge for the future, when the number of funded projects is likely to increase, will be to find robust project champions for all these schemes, to ensure delivery is not put at risk through overload.
- 49 The council's staff and partners acknowledge that current investments are being made to deliver future improvements but that not all have had time to fully prove their worth. The council has secured funding to deliver its IEG agenda and put in place an IT infrastructure which will include major broadband links across the county, linking up schools and local businesses. The broadband project in particular has had a lengthy gestation. The council will need to maintain a strong overview of project progress and the complex financial arrangements underpinning these initiatives. Other key developments, such as the proposed office accommodation rationalisation are dependent for their success on asset disposals but also on the council showing political nerve (new council offices are not perceived to be a high public priority) to make sure they happen.

In the light of what the council has learned to date, what does it plan to do next?

Learning

- 50 The council has achieved successes in its priority areas and has learned from those successes. Due to its limited size and funding, it has recognised that the way to improve services is by working differently. The council has also sought to align services with user needs rather than imposing solutions, examples of which include the introduction of the One-Stop Shops. It has learnt from external reports and from partners and made changes to service delivery as a result. Some of these changes however have been slow to emerge. Remnants of departmentalism are also inhibiting learning across the council. Overall weaknesses in this area narrowly outweigh strengths.
- 51 The council is self-aware and has grasped the benefits of looking to other forms of capacity building and approaches to move services on. However, whereas the creation of the Leisure Trust was an attempt to improve a service with low aspirations-through extra management and financial resources- the transfer of the council's housing stock involved a recognition that an already excellent service could only move up a gear by moving outside the council. The council and its partners also recognise that they are entering a new phase with its Ambition Groups and that the emphasis must be more on delivery than planning. Success in securing external funding is also balanced by the need to find match-funding and solutions when time-bound schemes expire. The council is forward-thinking. It is marshalling funding streams for major projects in future and has in place exit strategies to find replacement monies for key initiatives-such as the EAZ- when the schemes expire.
- 52 The council is able to face tough decisions and overcome barriers to change. For instance, the political leadership quickly tackled issues relating to a failing secondary school in Hereford City, soon after the establishment of the unitary authority, which had been ignored for some years. This was achieved following the suspension of the delegated budget and changes in senior management. However the delays associated with implementing the change plans for the council's elderly persons' homes may indicate that whilst the Council does tackle difficult issues, they are not always taken forward with equal alacrity.
- 53 The council responds to outside views. The council has learnt from INLOGOV, IDeA and District Audit, but whilst there is a will to act on external challenge, implementation is sometimes patchy. Moreover the council is not always good at spreading the learning across all directorates. Both OFSTED and SSI have pointed to the council's mixed success in passporting examples of excellence across the council, whilst recognising the action the Council was putting in place to address this weakness. Given that the council has a number of beacons of excellence, this is a significant lost opportunity.

54 Communication remains the council's weakest area. The council's self-assessment referred to the council as self-effacing and it is clear that it does not celebrate its successes sufficiently. This is a barrier to learning as good practice may not be spread throughout the organisation. Some of the negative staff feedback is attributable to poor communications. Whilst the council has done a lot through team briefings and other means to address concerns, it recognises the need to make further progress. Key plans do not have a sharp enough focus to enable the messages to be easily assimilated by public and staff alike and the council to be judged on a shared understanding. Better communications will enable the council to get well-informed feedback to enhance its learning.

Future Plans

55 The council's track-record in adjusting its plans as a result of external or internal challenge is mixed. It has responded well to OFSTED and IDeA reports but has failed to make sufficient headway in relation to performance management which is key to making progress across the council. The council has strengthened performance reporting systems and has plans in place to embed performance management in the council's culture. It has however, to date, not maintained a strong enough focus on ensuring that all planned improvements become a reality. The council aims to have fully effective performance management systems in place by 1 April 2003 with the first full outturns by 31 March 2004. Weaknesses narrowly outweigh strengths in this area.

56 The council needs to renew and refocus its corporate planning to ensure it remains action-focused. The council has tremendous commitment from staff and partners to its broad vision and approach. The council needs simple messages to enable staff to focus on the actions required to deliver the Herefordshire Plan Ambitions and their own service targets. The emphasis should be on action, based on a clearer understanding of priorities. The council lacks a corporate plan and the BVPP does not draw together all the key threads of corporate strategy, such as the project management of the council's overall change agenda. A corporate plan could serve to emphasise priorities, set out the project management arrangements for major initiatives and provide a strategic overview.

57 Councillors and officers are committed to continuous improvement. They are willing to try new approaches and consider alternative forms of service provision. Councillors are also able to take difficult decisions, despite working in a political environment where no political party has overall control.

58 This pragmatism imbues the council's approach to improvement for the future. The council has established a corporate improvement strategy (summarised in the council's self-assessment) which includes fourteen key projects. At the heart of the strategy is a strong commitment to work with partners to deliver improvements, particularly through shared ownership of LPSA targets. The strategy also includes plans already in train, such as the strengthening of the HR function and communications. The overall improvement strategy is very wide in scope and covers projects of varying priority. Timelines cover different periods and the implementation plans are at various stages of completion. Not all the projects have clear measures of success to enable the council to sustain focus on their delivery.

- 59 The council's most ambitious plans relate to the proposed modernisation programme which encompasses the rationalisation of the council's accommodation and the reconfiguring of service delivery through the use of ICT, One-Stops Shops and more flexible patterns of working and support service provision. The main projects in this programme are at different stages of development and the council will need to co-ordinate the phasing of each project carefully. For instance the One-Stop Shop project is roughly half-completed, whereas accommodation rationalisation is a long-term project and is necessarily dependent on other initiatives coming to fruition first.
- 60 To date, the council has managed change well, not least in establishing the new authority. However, the ambitious agenda which the council has set itself for the next five years involves a large number of initiatives and an unprecedented level of change. This will place a heavy strain on management capacity. The council has allocated responsibility for key change projects to members of the management team but has not as yet put in place the detailed systems for supporting these officers and their staff - for instance by re-allocating existing duties. The council has in the past managed change within existing budgets and capacity. It has recognised that this is not a viable approach for the future. The council is introducing significant changes to the policy & community directorate to build in additional capacity. These are not yet clearly enough explained or linked to robust project plans. A Modernisation Programme Brief has been produced very recently - October 15 - setting out a broad implementation programme. The Council has not however set out in detail the monitoring mechanisms-including reporting vehicles and frequency of reporting-which will be required to ensure corporate ownership of delivering and monitoring the overall change programme in order to minimise the risk of failure or drift.
- 61 The financial underpinning is important. The council has begun to strengthen its medium-term financial planning and match resources more closely with priorities. Not all the major change projects have however been subject to a detailed financial appraisal, particularly as some projects are dependent on funding from external sources or asset disposals which is not yet in place. The council has assembled different funding streams to support key aspects of the modernisation programme. It has allocated funds in the 2002-3 budget to support the target of delivering 100 per cent of council services electronically where appropriate by 2004, a key part of the programme. However, the uneven progress to date on delivering against this target, coupled with the lack of a contingency plan in the event of key milestones being missed, creates a risk of failure.
- 62 The council has a strong project management culture in many areas but lacks a corporate approach which builds on the good practice in place. The council is taking forward a wide range of initiatives which could have a major impact. It now needs to be clearer about its top priorities and ensure that key initiatives are fully resourced and robustly project planned. The council has worked hard and has enthusiastic officers and members and considerable goodwill from its partners. The council can build on the strengths identified in this report to move forward on its key priorities.

Initial Summary of theme scores and strengths/weaknesses & areas to explore: Herefordshire Council

Theme	Grade	Strengths	Weaknesses
Ambition	4	<ul style="list-style-type: none"> Strong community planning and community leadership by cabinet/management team Herefordshire Partnership Plan sets out a vision for the county. Regarded as best practice by GOWM Council consults widely on vision, corporate aims and priorities. Strategic planning reflects local and national priorities Political leadership in touch with local issues through links with local area forums and other groups Consensus politics and mature approach to partnership working LPSA and ICT Plans are ambitious 	<ul style="list-style-type: none"> Strategic plans are understood by senior staff, partners and most members but are not as well understood by junior staff and the public The Herefordshire plan is better embedded in some council and partner plans than others The council has not documented its top priorities for future initiatives which may reduce focus
Focus	3	<ul style="list-style-type: none"> Herefordshire Plan provides focus for partnership and cross-cutting working, based round shared objectives. Council's priorities clearly owned by senior management and members LPSA targets closely match the Council's priorities Council has displayed focused in strengthening social services and in corporate support of EAZ bid Cabinet style of working has brought greater focus Service strategies well focused and aligned to the Herefordshire Plan Ambition Groups effective in engaging partners in the council's agenda Project management on key projects has maintained focus 	<ul style="list-style-type: none"> Priorities not clear in strategic plans Corporate plans are too complex risking loss of focus. Reasons for perceived slow rate of progress of some internal change projects- accommodation and 'single status' not understood by staff Ambition groups at a watershed between planning and delivery
Prioritisation	2	<ul style="list-style-type: none"> Community consultation used to set Herefordshire Plan priorities. Plan priorities inform LPSA objectives Priorities and Ten Ambitions reflect national priorities and local needs Budget process has broadly shifted funds to priorities. Local targeted initiatives developed to respond to public concerns. 	<ul style="list-style-type: none"> BVPP not explicit about the council's priorities Public and junior staff do not understand the council's priorities Council does not feedback how the results of consultation have informed policy-setting Gaps in public understanding about basic services Council communications are poor
Capacity	3	<ul style="list-style-type: none"> Strong commitment to effective partnership working Strong track record of innovation, particularly through procurement to boost capacity 	<ul style="list-style-type: none"> Corporate grip not sufficiently robust in a number of areas Human Resources Strategy is unproven. No follow-up from negative staff

		<ul style="list-style-type: none"> • Good corporate and political management and community focus. • Senior management team is able • Strengthened management capacity in social services • Good procurement strategy to enhance capacity • Active involvement in big local initiatives- HE/FE and regeneration. • Staff are committed • Good member training • New HR Strategy and additional external input to strengthen the function • Recruitment and retention improving. 	<p>attitude survey two years ago.</p> <ul style="list-style-type: none"> • Poor progress on diversity • Work overlap between scrutiny and policy panels. • Concerns about staff capacity to cope with large change agenda
Performance management	2	<ul style="list-style-type: none"> • Performance management recognised as an area to be improved • Progress has been made in business planning • Herefordshire Plan objectives built well into most business plans • Some good project and risk management • Improved performance monitoring • Financial monitoring is generally robust • Staff development interviews in place • Good ownership of EFQM as a key performance management tool 	<ul style="list-style-type: none"> • No corporate framework for performance management or project management • Links between Ambitions and service plans is variable • Not all Ambition group action plans action-focused • Insufficient scrutiny of poor performing services • Progress against LPSA targets is mixed • Problems with PI data accuracy • Council misses a significant proportion of targets • Risk management too focused on financial and insurance loss • EFQM and balanced scorecard approach not fully developed • Staff appraisal not focused on delivering service performance targets
Achievement	3	<ul style="list-style-type: none"> • Steady record of progress following a complex reorganisation • Education service Key Stage 2 results in top 20%; EDP rated in top 25%; EAZ one of first in country; failing school turned round. • Strong track record in economic regeneration and attracting funds to pump-prime regeneration areas • One-Stop Shops achieve real impact in rural areas • Housing is a good service rated 3 stars by ACIS; housing stock transfer exemplary. Good improvement in housing PIs. • Social Services indicators improving since critical SSI report-now rated two stars by SSI with good prospects for improvement. Good joint working with health • Corporate health, finance and community safety indicators generally good • 50% of PIs improving; 57% of BVPI targets met. • A number of transport improvements eg low floor buses 	<ul style="list-style-type: none"> • Condition of highways is poor • Housing benefit processing performance is poor and deteriorating • 40% of PIs deteriorating • Low levels of customer satisfaction • Public still has concerns about poor achievement in roads, leisure facilities and congestion in the City centre.

Investment	3	<ul style="list-style-type: none"> • Effective use of external challenge demonstrated eg involvement of IdEA in scrutinising the council's political/ management arrangements • Moving forward on HR agenda & communications in response to IdEA • More 'front-end' scrutiny of projects by Members. • Modernisation agenda providing service framework for the future • Good use of partnership working and outside service providers • Good track record in securing external funds and delivering funded projects • Integration of funded projects-eg EAZ and South Wye SRB projects 	<ul style="list-style-type: none"> • Not all investments have had time to prove their worth • Future challenges relating to delivering IEG and demanding change agenda ahead
Learning	2	<ul style="list-style-type: none"> • Council has learned to punch above its weight by developing partnerships, attracting outside funding and finding new ways of working. • Council is aligning services with public needs rather than imposing solutions eg One Stop Shops • Council is able to tackle difficult issues 	<ul style="list-style-type: none"> • Learning from external challenge is sometimes patchy • Implementation is sometimes slow • Good practice not always shared between departments (OFSTED, SSI) • Communications are poor which is a barrier to learning • Council does not celebrate success and key messages not easily assimilated by public
Future Plans	2	<ul style="list-style-type: none"> • Good commitment from staff and partners to the Council's vision • New performance management framework to be implemented by April 2003 • Councillors and officers committed to continuous improvement • Ambitious plans for modernisation • Corporate resources allocated to support change agenda 	<ul style="list-style-type: none"> • Mixed track record of delivery in some areas eg performance management • The Council has not maintained a strong enough focus on strengthening performance management • Future priorities and actions unclear. • Timescales and milestones missing in some plans • Future change programme is not sufficiently detailed • Overall project plan of the key change agenda missing

Conduct of the corporate assessment

- 63 The corporate assessment of the council's ability to improve services was carried out under the Local Government Act 1999. Local councils have a general duty under Section 3 of this Act to secure continuous improvement in the exercise of their functions. Section 10 gives the Audit Commission the power to inspect councils' performance of the general duty of improvement.
- 64 The assessment took place in Herefordshire over the period from 5 to 19 September 2002. The assessment team was led by the Audit Commission. The team included two representatives from external audit, a peer chief officer and a peer elected councillor from other authorities.
- 65 The council's own self-assessment provided the focus for the main part of the inspection. The assessment team discussed and challenged the self-assessment statement with the authority alongside existing performance data on the council. This determined the scope of on-site fieldwork which included:
- Interviews with council officers and members.
 - Meetings with external partners and other stakeholders including the Government office.
 - Focus groups with tenants, citizens, users, council staff and members.
 - Review of key documentation.
 - Observation of officer and member meetings
 - Case studies on local priorities
- 66 The report has been discussed with the local authority, which has been given the opportunity to examine the Audit Commission's assessment. This in turn will contribute to the Comprehensive Performance Assessment for the local authority to be published in late autumn.