

Inspection report

June 2005



Corporate Services Inspection

Sandwell Metropolitan Borough Council

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Summary

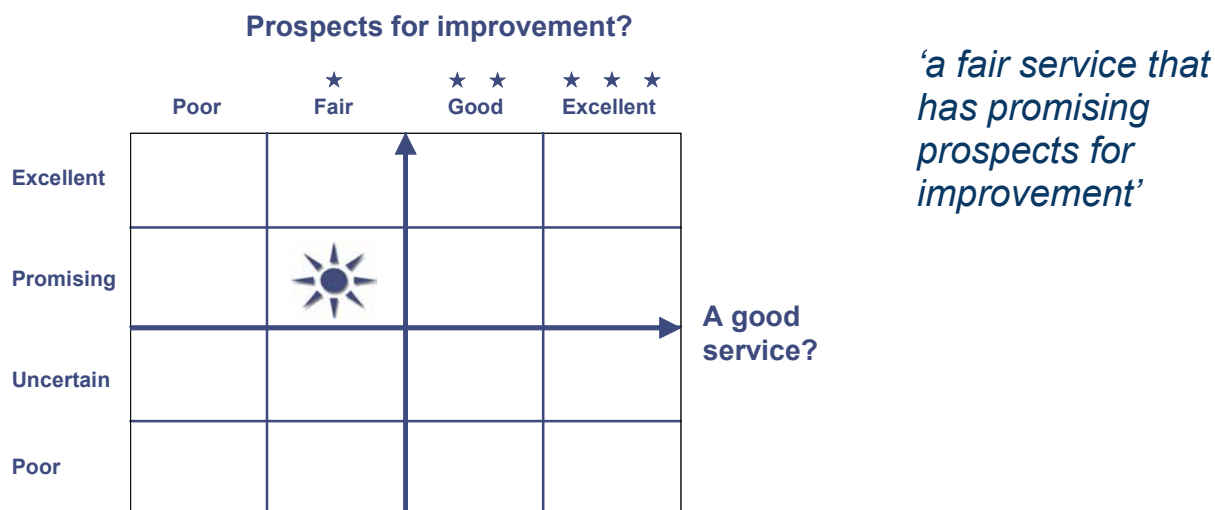
Background

- 1 Sandwell Metropolitan Borough Council is in the West Midlands area of England. The population is 282,900, of which 22 per cent are from minority ethnic communities. The Borough suffers from significant deprivation, low educational attainment and higher than average unemployment.
- 2 The Council is Labour-led with 52 of the 72 seats. The Council employs 14,000 staff across all services and has a net revenue budget of £372 million.
- 3 The main driver for the reviews was the need to ensure that the support services provided to Sandwell Homes, the recently set up arms length management organisation (ALMO), are good enough to satisfy its forthcoming inspection.
- 4 The corporate services reviews covered performance management, customer relations, Internal Audit, democratic and member services, HR, ICT, legal, policy and regeneration, corporate property, debtors, fleet management, printing, accounts payable, the SBS control team, strategic finance and risk management. The services are estimated to cost in excess of £50 million and employ over 1,000 staff.
- 5 This inspection was undertaken in two stages. The original inspection was undertaken in October 2004, following which the Audit Commission and the Council agreed that further inspection work would be undertaken early in 2005. This was because significant changes and developments were starting at the time of the original inspection and had the potential to significantly impact on the second judgement. The first judgement, 'how good is the service?' is based on the position in October 2004. The second judgement, considering the prospects for improvement, is based on the position at the beginning of March 2005.

Scoring the service

- 6 We have assessed the Council as providing a 'fair' one-star service that has promising prospects for improvement. Our judgements are based on the evidence obtained during the inspection and are outlined below.

Scoring chart¹: Sandwell Metropolitan Borough Council - Corporate Services Inspection



- 7 Corporate services within Sandwell Metropolitan Borough Council are fair because:

- ◆ comparative performance is mixed, although the Council is performing well against some national indicators, such as the percentage of top earners in the Council that are women or from ethnic minorities;
- ◆ performance in some areas is improving, such as external customer relations and financial planning;
- ◆ they deliver some good services to internal customers, such as out-posted finance and performance management officers and fleet management; and
- ◆ they generally support the Council in delivering against its priorities.

However:

- ◆ over one third of relevant performance indicators are in the worst quarter nationally;
- ◆ services cannot show that they are providing value for money;
- ◆ the aims of individual services are not always clear;
- ◆ many of the services do not involve their users in planning service delivery; and
- ◆ the management of performance is not effective in many of the services.

¹ The scoring chart displays performance in two dimensions. The horizontal axis shows how good the service or function is now, on a scale ranging from no stars for a service that is poor (at the left-hand end) to three stars for an excellent service (right-hand end). The vertical axis shows the improvement prospects of the service, also on a four-point scale.

8 The overall prospects for improvement in these services are promising because:

- ◆ the Council has identified the key areas for improvement in these services and its plans have the potential to deliver significant improvement;
- ◆ there is an understanding of the opportunities and threats ahead and commitment to improvement at the highest level;
- ◆ processes and resources are in place to start delivering immediate improvements;
- ◆ the Council is building capacity for the immediate delivery of the improvements and for the future; and
- ◆ the Council is responding positively to external drivers and the pace of change is increasing.

However:

- ◆ the best value reviews did not establish an adequate baseline, with quantifiable measures of inputs and outputs, from which to build improvement;
- ◆ some of the planned service improvements lack specific cost efficiencies and measurable benefits; and
- ◆ the Council does not have a historically strong track record of change and has been slow to deliver improvements in the past.

Recommendations

- 9 To rise to the challenge of continuous improvement, councils need inspection reports that offer practical pointers for improvement. The inspection team makes the following recommendations.
- ◆ By August 2005, ensure that there is an accurate picture of current performance by establishing the costs, number and type of transactions and standards achieved for support services.
 - ◆ By August 2005, ensure that all plans have specific targets for cost efficiencies and quality improvements.
 - ◆ Continue to use benchmarking, consultation and market intelligence to set challenging targets for improvement.
 - ◆ Ensure that performance within these services is actively managed to achieve improved performance and value for money.
 - ◆ Continue to develop skills in internal communication and stakeholder management to ensure that resistance to change is managed effectively.
- 10 We would like to thank the staff of Sandwell MBC, particularly Malcolm Tedstone, who made us welcome and who met our requests efficiently and courteously.

Terry Atkins

Jennifer Gilmour

John Cleaver

Performance specialists

Dates of inspection: 18 to 22 October 2004 and 28 February to 2 March 2005.

Email:

t-atkins@audit-commission.gov.uk

j-gilmour@audit-commission.gov.uk

j-cleaver@audit-commission.gov.uk

**For more information please contact
Audit Commission
Central Region
2nd Floor, 1 Friarsgate
1011 Stratford Road
Solihull
B90 4EB
www.audit-commission.gov.uk
Telephone: 0121 733 7173**

Report

Context

- 11 This report has been prepared by the Audit Commission (the Commission) following an inspection under Section 10 of the Local Government Act 1999, and issued in accordance with its duty under Section 13 of the 1999 Act.

The locality

- 12 Sandwell Metropolitan Borough Council is in the West Midlands. The population of the area is 282,900, living in 123,000 households. The Borough consists of six towns, Oldbury, Rowley Regis, Smethwick, Tipton, Wednesbury, and West Bromwich. Twenty-two per cent of the population are from minority ethnic communities.
- 13 Sandwell has significant deprivation. More than 80 per cent of Sandwell is in the worst 40 per cent in England and 17 of its 187 areas are in the worst 5 per cent. Educational attainment is low; only 38 per cent of school students achieved 5 or more A* to C grade GCSEs in 2004, compared to a national average of 53.7 per cent, and more than 45 per cent of people aged 16 to 74 have no qualifications, compared to 29 per cent nationally.
- 14 Manufacturing is a major source of employment, along with distribution and public administration. In July 2004, 4.2 per cent of the working age population were claiming unemployment benefit, compared to 2.2 per cent nationally.

The Council

- 15 The Council comprises 72 councillors. The Labour party has control, with 52 seats. The Conservatives hold 13 seats, the Liberal Democrats 6 and the BNP 1. Currently a ten-member executive cabinet with Leader and two deputies governs the business of the Council. The net revenue budget for 2003/04 is £372 million, and the capital budget is £89 million. There are currently over 14,000 direct employees of the Council.
- 16 At the time of the inspection, the Council was organised around four cross-cutting departments, known as 'themes': social inclusion and health, education and lifelong learning, urban form, and policy and corporate governance.
- 17 As part of the programme of comprehensive performance assessments, the Audit Commission judged in December 2004 that Sandwell was a fair council, an improvement on its previous judgement of weak. Commenting on the Council's direction of travel, the report found that the Council had improved on its performance since 2002 and concluded that 'the Council is well placed to further improve the way it works and the services it provides to local people.
- 18 In April 2004, the Council set up a leisure trust to manage its sports and leisure facilities. This involved the transfer of 250 council employees to the newly created charitable trust. In October 2004 the Council transferred the management of its housing stock to an arms length management organisation (ALMO) known as Sandwell Homes, which included the transfer of 1,400 employees. The leisure trust and the ALMO are buying their support services from the Council.
- 19 In 2003 the Council started using a new computerised finance and management system, Sandwell Business Systems (SBS), using Oracle software. This system has the capability to improve management information for the Council.

20 The Council's priorities for improvement as identified in the Council plan are:

- ◆ raising standards in schools;
- ◆ a safe borough – clean and tidy;
- ◆ transforming the physical environment;
- ◆ opportunities for high value jobs for local people;
- ◆ improving housing choice;
- ◆ strengthening the protection and support for vulnerable children;
- ◆ lifelong learning;
- ◆ things for young people to do;
- ◆ extended schools; and
- ◆ local communities.

The Council's best value review

21 Sixteen services were subject to review, fourteen of which are within the Council's theme of policy and corporate governance, the other two falling within the theme of urban form. The main driver for the reviews was the need to ensure that the support services provided to Sandwell Housing, the recently set up arms length management organisation (ALMO), are good enough for its forthcoming inspection. To access £350 million of government funding to modernise the housing stock, Sandwell Homes must achieve a 'good' inspection rating in 2005 and the quality of support service provision will influence the inspection outcome. The services selected for review were therefore those used by Sandwell Homes.

22 The services reviewed were:

- ◆ performance management, including the development and management of the Council's corporate performance systems;
- ◆ customer relations, including the newly created contact centre and council receptions;
- ◆ Internal Audit;
- ◆ democratic and member services;
- ◆ human resources including payroll, recruitment, sickness absence monitoring, crèche and temporary staff agency;
- ◆ information and communication technology - computerised systems, telephones;
- ◆ legal services;
- ◆ policy and regeneration, including policy advice, research and information, marketing and internal communications;

- ◆ corporate property, including facilities management;
 - ◆ debtors;
 - ◆ fleet management including vehicle and plant procurement and maintenance;
 - ◆ printing;
 - ◆ accounts payable;
 - ◆ SBS control team, - supporting and improving Sandwell Business Systems;
 - ◆ strategic finance; and
 - ◆ risk management, including insurance.
- 23 The budgets for these services for 2004/05 exceed £50 million. Over 1,000 Council employees are involved in the provision of these services.
- 24 The Council carried out its best value reviews of these services between April and August 2004 using a model developed by the European Foundation for Quality Management (EFQM). The review concluded that corporate support services had strengths in the following areas:
- ◆ employees feel valued, trusted and capable;
 - ◆ the overall model for the provision of central support is sound and represents best practice in terms of sharing the cost and enabling access to centralised support;
 - ◆ there are pockets of excellence in service provision;
 - ◆ employees are generally diligent and hard working;
 - ◆ services are in the main 'free' to themes, close at hand and delivered by individuals who know the set up of the Authority;
 - ◆ developing clarity of objective and approach; and
 - ◆ there are some pockets of robust approaches to cost and performance management.
- 25 However, the review also identified a number of key areas which needed improvement. These were:
- ◆ a lack of customer focus;
 - ◆ a lack of accountability for operational and financial performance;
 - ◆ limited understanding and limited management of risk of poor performance;
 - ◆ policies and services not moving with changing demands;
 - ◆ limited appreciation and progress in using the market to enhance existing service;
 - ◆ workforce planning and change management are not strong;
 - ◆ budgets do not reflect the services and activities that are delivered;
 - ◆ processes and information management are poor;
 - ◆ there isn't a sustained focus on the things that matter; and
 - ◆ there are pockets of duplication across themes and support services.

- 26 Councillors agreed to reconfigure the existing services and seek a strategic partner to deliver investment in services and infrastructure and cost and efficiency savings. The restructuring is underway. Following a notice in the Official Journal of the European Community (OJEC) seeking a strategic partner, the Council has now agreed a shortlist of four potential partners. The Council is now in the process of clarifying what it wants to achieve from a possible partnering arrangement so that further discussions can be tailored to these requirements. No definite timescale has yet been set for entering into a strategic partnership. In the meantime, short-term improvement plans are being produced for individual services. This is being supported and challenged by external consultants appointed to bring change management and service specific skills to help the Council to quickly develop and implement these plans. Budgets are being critically examined and managers in corporate and support services are undertaking a tailored development programme.

How good is the service?

Are the aims clear and challenging?

- 27 Inspectors look to see how a council has agreed the key aims for the service being inspected, how clear these aims are to the people that receive the service and whether these reflect the corporate aims of the organisation as a whole.
- 28 Aims need to be challenging, address local needs and support national objectives. This requires the Council to consider and demonstrate how a service contributes to its wider corporate aims and community plans.
- 29 The overall aims of the Council are clear and challenging. The corporate assessment undertaken by the Audit Commission in 2002 found that the Council's overall ambitions were challenging and addressed the needs of the Borough and national priorities. It also found that the Council had well-defined priorities.
- 30 The Council has ten priorities which are set out in the Council plan. In order to concentrate its efforts more clearly on current concerns, the Council has recently agreed three new 'priorities for improvement'. These are educational attainment, strengthening the protection and support for vulnerable children, and safer, cleaner stronger communities. These do not replace the existing ten priorities, but are intended to focus the Council's attention. These improvement priorities will drive the business planning, target setting and budgeting processes for 2005/06. These new improvement priorities have not yet been well-publicised.
- 31 The Policy and Corporate Governance theme has set priorities for improvement in 13 areas in its Thematic Vision statement. These are:
- ◆ equality in service delivery;
 - ◆ improve community cohesion;
 - ◆ embed and deliver the neighbourhood strategy;
 - ◆ reduce anti-social behaviour;
 - ◆ tackle issues of crime and safety;
 - ◆ developing the Sandwell Urban Regeneration Company;
 - ◆ secure enhanced investment in the Borough;
 - ◆ people into jobs and provide training weeks;
 - ◆ payment of benefits;
 - ◆ implement corporate procurement strategy;
 - ◆ improve revenues collection rates;
 - ◆ support access for all; and
 - ◆ improve risk assessment at a corporate level.
- 32 The service aims expressed in the vision statement for the policy and corporate governance theme and within individual service documents generally reflect the Council's corporate aims and the community plan. However, many of the aims expressed are vague and not clearly focused on a core business and are not based on consultation with users. As a result, it is not always clear why specific services are being provided.

- 33 The lack of clear aims for some services is demonstrated in extracts from the Council's best value review reports, such as:
- ◆ 'there are no significant strengths' relating to policy and strategy (legal services);
 - ◆ 'there is a clear need to define what services the Council provides/what it should not provide' (strategic finance);
 - ◆ 'there seems to be an absence of a long-term development plan for the service' (SBS control); and
 - ◆ '..concerns about whether there has been a strong enough steer from the Council with regard to the strategic direction the service should be taking' (fleet management).
- 34 While some specific service aims are challenging, for example the call centre aims to handle 20 calls per hour per operator, business plans do not consistently set challenging aims for the services. They are not set out in a standard format or style and generally lack clear targets and measurements. It is, therefore, unclear whether corporate services will achieve significant improvement based on their business plans.
- 35 The Council has started to develop service level agreements (SLAs), setting out service descriptions and standards with provider and customer responsibilities. These are driven by the demands of Sandwell Homes and the leisure trust, but these are not in place for all services and all customers.
- 36 Although some strategies are well-developed, others are not.
- ◆ The customer services strategy is good, but the principles are not well-integrated into other service plans.
 - ◆ The human resources (HR) business plan sets out very clearly how the service contributes to the delivery of corporate priorities, but the HR strategy is unclear about what policies are needed for the future in light of known organisational changes.
 - ◆ The information and communication technology (ICT) strategy is out of date and the provision of direction for the ICT service has been disjointed, with a number of different steering groups involved over the last three years.

Does the service meet these aims?

- 37 Having considered the aims that the Council has set for the service, inspectors make an assessment of how well the Council is meeting these aims. This includes an assessment of performance against specific service standards and targets and the Council's approach to measuring whether it is actually delivering what it set out to do.

- 38 To assist us in reaching a single judgement for the 16 services, the Council has reviewed; we have considered the following questions in addressing the general strengths and weaknesses of the services when considered as a group.
- ◆ What does the service look like on the ground for customers and how customer-focused is it?
 - ◆ Does the service provide value for money?
 - ◆ Is the service making the best use of resources and managing its assets prudently?
 - ◆ What impact does the service have on corporate priorities?
 - ◆ Is the performance of the service adequately managed to meet targets and achieve service standards?
- 39 The Council is making progress against the 13 areas for improvement set out in the thematic vision statement for the policy and corporate governance theme.

What does the service look like on the ground for customers and how customer-focused is it?

- 40 The quality of the services provided to the public is mixed. Some performance is improving, for example:
- ◆ the Council has recently redesigned and re-launched its website, with an increased range of options available to users;
 - ◆ opening hours have been extended at the front line to 8.00am to 5.30pm;
 - ◆ more bilingual officers are available;
 - ◆ phase 1 of a one-stop-shop has been introduced in the Council House with officers to greet the public and help them to find the service they want; and
 - ◆ public satisfaction with the way that complaints are dealt with is better than we would expect.
- 41 However, other elements of these services for the public are not being provided to a satisfactory standard, such as:
- ◆ the Council's website, which, although recently improved, still does not use plain English, is presented in small font, does not comply with the national access standards, is not targeted at ethnic minorities and can be difficult to navigate;
 - ◆ complaint handling, with only 71 per cent of complaints handled in 15 days, which neither meets the Council's own standard or is comparatively good performance (although this is reported to be improving); and
 - ◆ debt recovery, where external customers can still receive reminders when their account is being investigated, which is leading to dissatisfaction.
- 42 The Council is making an effort to improve its relations with the public. It has undertaken a good corporate training programme for customer focus, All4One, which was well-received and won an award in the West Midlands Provincial Council Workforce Development Awards 2004. 6,000 staff have received this training. The customer relations team has a strong focus on the delivery of good customer service and is improving this area rapidly from a fairly weak position. Public satisfaction is improving and the actions taken are providing internal services with a role model for the future. There is also a publicity campaign to highlight positive performance by the Council.

- 43 Most of the services under review are provided to other parts of the Council, rather than the public. Again, there is a mixed picture in the quality of these internal services. Some individual services are well-regarded by their users. Out-posted officers from the performance management team are viewed by front line service heads as giving a good service. Out-posted officers from financial services are also well thought of. Councillors feel that the support they receive is good, particularly IT support and admin support.
- 44 One service which is not performing well is the Council's new financial management system, SBS. This system was implemented last year to very tight timetables. The system has been operating at an unacceptably slow speed, although this is improving. Users feel that training has been superficial and sporadic. However, the Council has recognised these failings and is planning to address them through improved training and additional software.
- 45 Some services actively engage their customers in developing their services. The aims and objectives of the performance management service are clearly understood by customers and services and activities are changed in light of the customer feedback. The corporate property service listens to and acts on requests from its customers but this is mainly reactive. The fleet management service seeks to establish customer views on a regular basis, customer satisfaction is high at 88.8 per cent overall and services are tailored to customer specifications, such as vehicle adaptations, within agreed budgets.
- 46 However, stakeholders do not feel sufficiently engaged in shaping many of the services they receive. The SBS system is not currently well-utilised by some customers. The SBS control team have not been focusing on the needs of their users because they have been dealing with system problems following implementation. Some ICT customers have difficulty in accessing services from remote sites, and the split between SBS control and ICT is not well-understood by their customers.
- 47 The Council's best value reviews have also highlighted the lack of customer focus. Front line service managers expressed the view that corporate policies, developed by the policy and regeneration division, do not reflect operational imperatives. Customers and stakeholders said that they are not given the opportunity to express their views. There was also user frustration with the accounts payable function, and a recorded decrease in productivity.

Does the service provide value for money?

- 48 The Council cannot demonstrate that its corporate services are providing value for money. This has been highlighted by the process of transferring leisure and housing services to arms length management organisations. This has also highlighted that the Council cannot identify unit costs for most support services. The agreements with Sandwell Housing for the provision of and payment for support services have gone through at least six iterations. The value has been reduced by around £800,000 to just over £2 million. This is because the Council has little evidence of true unit costs for services.
- 49 The negotiations have also revealed that Sandwell has higher unit costs in some areas like payroll because of the historically large number of allowances and outdated terms and conditions currently in place. For example, up to 700 of the 1,400 transferred staff are still on weekly pay, because the Council has put off pursuing a move to monthly pay while implementing a new payroll system as part of SBS.

- 50 The SBS system is not currently delivering the expected benefits. There is widespread user dissatisfaction with SBS, much of the training has been superficial and sporadic and users feel they have to use 'workarounds' to get the information they want. For instance, the policy and regeneration division has introduced a separate financial monitoring system to manage its budgets because of problems being experienced with SBS. Part of the problem is that users have not changed their way of working to fit with SBS procedures.
- 51 The true cost of ICT throughout the Council is not clear and the service is currently trying to establish the true position, not only in terms of costs, but also what software is in use in the themes.
- 52 Some indicators are available to show that parts of the service may be providing good value for money. For example, based on benchmarking in 2002 Sandwell employs fewer ICT specialists per employee than similar councils, and services which have to bring in external contractors to cover vacant posts or increased demand can show that these external contractors are more expensive than the internal provision. Some services operate a mixed economy of provision by using external providers for parts of their service. But the Council does not consistently use benchmarking, or any other method, to demonstrate that these services provide value for money.

Is the service making the best use of resources and managing its assets prudently?

- 53 The Council is improving its use of resources in a few areas. The Council's external auditor recently concluded that the Council has made significant progress in improving its medium-term financial planning. SBS is now delivering procurement efficiencies and the self service modules of SBS are aimed at reducing HR costs through a reduction of staff numbers in central HR. Fleet services have introduced practices which enable the effective use of its resources by utilising a nine-hour, four-day shift system that operates six days per week.
- 54 The Council has improved its approach to risk management. Most of the business plans reviewed had an assessment of risks to the service. However, this was not universal. For example, the business plan for the regeneration and partnerships unit and external policy unit does not have a risk management plan. Also, although there is a tested disaster recovery plan for ICT, the Council does not currently have a business continuity plan in place.
- 55 The Council has not moved quickly to make some necessary changes. The corporate assessment undertaken by the Audit Commission in 2002 concluded that the Council's capacity to deliver improvement was hindered by weaknesses in the utilisation of its human resources. There are high levels of sickness and training has not kept pace with organisational and individual needs. Training linked with new projects has been criticised by users. Practices in place and under review by the Council include the operation of weekly payrolls and the need for two stores for fleet services and four ICT help desks. However, the Council has found it hard to resolve issues with local trades unions and small changes to working practices, such as the status of the Tuesdays following some bank holiday Mondays, can take an excessive time to resolve.

- 56 There are weaknesses in the prudent management of assets. The BV report for strategic finance found that there is a possessiveness about budgets that, over time, has worked against effective budget planning and reallocation of resources. Some budget holders are described as having a silo mentality with service heads not seeing the broader picture so far as their budgets are concerned and not always following collective decisions. However, there is evidence that this situation is changing through the use of decision conferencing (explained later in this report).
- 57 The debt recovery service is not making the best use of its resources. The best value review describes it as struggling with low morale, temporary staff, poor training and no written procedures. The overall performance in sundry debtors declined in 2002/03 from 73 per cent to only 58 per cent of sundry debtor accounts being collected. Performance improved in 2003/04 to 79.6 per cent. This PI has now been discontinued, so it will not be readily apparent how this element of corporate services is performing in the future.
- 58 Assets are not being prudently managed in the ICT service. There is no asset management policy, there is poor control over network development, replacement and licences, and information and knowledge are not being managed as an asset. There are problems with the ICT infrastructure and the adequacy of peripheral equipment which are affecting SBS capability and connectivity.
- 59 The capability of SBS is not being fully realised. Although user criticism of SBS is partly justified, some users have resisted the changes needed to work with SBS. Also, because some users did not respond to the consultation during the implementation of SBS, their systems will not have been interfaced when SBS went live.
- 60 Although the Council has recently procured a web content management system and will be recruiting a website administrator, it does not have agreed content standards in place yet. In the meantime, the current system of centralised web content management does not make efficient use of council resources.

What impact does the service have on corporate priorities?

- 61 Good corporate services should help the Council as a whole address its corporate priorities and provide good, improving services.
- 62 There has been some positive direct impact on corporate priorities. For example, the policy and regeneration division helped 1,381 Sandwell people into jobs in 2003/04, which was more than the target and more than the previous year. This directly impacts on the Council's priorities of local communities and opportunities for high value jobs for local people. In addition, some parts of corporate services are using training and development to grow their own technical staff, for example through modern apprenticeships and career grades. In areas where there are skills shortages this is good for the Council and its communities, although there is no corporate approach to this.
- 63 However, there is no clear link to corporate priorities for all elements of the services being inspected. The best value review of customer relations concluded that the service has an underdeveloped role in championing the customer and is more focused on defending the Council. There is no corporate approach to managing issues such as child protection; as a result the Council cannot be sure that such issues are addressed systematically, for example in all new job specifications.

- 64 Parts of corporate services are having a negative effect on corporate plans. The ICT infrastructure is suffering from a reported lack of investment. This is causing problems for users in trying to use the SBS. Also, the percentage of invoices for commercial goods and services that were paid within 30 days fell in 2003/04 to 82.2 per cent. As many of the Council's suppliers are likely to be based in Sandwell, this will have a negative effect on the local economy. And the high level of uncollected debt, around £11 million, will be impacting upon the Council's finances.
- 65 While the Council has some good strategies in place for corporate services, these do not always translate into effective actions.
- ◆ The Council has a human resources (HR) strategy that sets out clear aims for the HR service. A key aim is to develop a competitive organisation that challenges working practices to develop methods most suitable for services within Sandwell. As noted in the previous section, although the Council is challenging some of its working practices, they have been slow to change. The HR strategy does not show how the Council will address demographic issues in the workforce such as succession planning, graduate recruitment and apprenticeships.
 - ◆ The Council has a strategy to rationalise the Council's accommodation to two sites, in Oldbury and West Bromwich. Progress with this plan has been slow and the Council has a number of old civic buildings which are difficult and expensive to maintain.
- 66 The Council has adequate financial controls. The Council has improved its medium-term financial planning arrangements and now has a three-year budget strategy in place. The Council's external auditors have judged that the internal financial controls are adequate and that the standards of financial conduct and the arrangements for the prevention and detection of fraud and corruption are better than adequate.
- 67 Democratic services are seen by councillors as having a positive impact on the decision-making of the Council. The customer relations service is providing better and more streamlined service to customers with better organisation of appointments and speedier query handling, and providing a role model for modernisation.
- 68 There is no overarching view of how the Council uses or should use its fleet resources. The service itself is generally customer-focused and responsive to user requests. Although there is information about availability for services, there is no corporate data on fleet utilisation. This means that the Council may be spending too much money on fleet that is not fully utilised and there could be missed opportunities to rationalise wherever possible to ensure that money is not wasted.

Is the performance of the service adequately managed to meet targets and achieve service standards?

- 69 The best value reviews which the Council undertook showed that there are limited performance management controls. In particular, they found that:
- ◆ human resources lack a performance management culture and, although national PIs are monitored, local PIs have not been developed;
 - ◆ there is a virtual absence of performance management information for Legal services;
 - ◆ there is an absence of clear and robust performance management within the ICT service; and
 - ◆ performance management is weak within the policy and regeneration service, debt recovery, SBS control and accounts payable.
- 70 The Council is now putting in place a good framework and systems for performance management. A new computerised performance management system provides a flexible solution that links to the SBS system and will enable better decision taking and monitoring with real time information. SBS provides a platform for managers to monitor service delivery and key performance indicators although it is not yet delivering the anticipated benefits.
- 71 But performance management is not strong within corporate services. The Council had mixed performance in hitting its targets for corporate services in 2003/04. Of the 33 targets within the Council plan which relate to services covered by this inspection, 19 were hit and 14 were missed. Five of the targets recorded as 'hit' by the Council were soft targets that were not clearly defined, such as continuing to develop a marketing strategy. Comparison of performance in 2003/04 against that in 2002/03 shows that, of 28 comparable indicators, performance had worsened in 12.
- 72 Target setting is not always challenging. The Council has had high sickness absence levels for several years. The Council was worst quartile nationally in 2002/03, losing an average of 13.26 days per person per year across the Council. The target set for 2003/04 was 13 days. Given that in 2002/03 sickness levels of above 11.6 were in the worst quartile nationally, the Councils target is not challenging.
- 73 There is a lack of consistency in target setting and performance management within the services covered by this inspection. The performance management service has not ensured that all service managers focus upon how well their service is doing. Also, it does not undertake a formal review of customer feedback and has an informal approach to its own performance management. The business plan for ICT does not set out specific PIs for the service and none of the actions set out show a performance indicator to measure the success of the action. Although the ICT business plan does set out targets for the service against corporate PIs, such as sickness absence, it recognises that the data to monitor progress against these targets is not readily available. The best value review found that the current pricing policy within the printing service leads to fluctuating pricing and inefficiencies. Users of corporate services do not get consistent performance information about the services they receive.

- 74 Many of the services had introduced service level agreements (SLAs) some years previously, but these had generally fallen into disuse. The setting up of the leisure trust and the housing management organisation has meant that new SLAs have had to be developed to cover the services provided to these organisations by the Council. These SLAs are in place and monitoring of performance against them has recently been started. It is not clear whether SLAs are going to be developed for all services provided by corporate services to other parts of the Council.
- 75 Some of the services covered by this inspection are managed to meet targets and achieve service standards. The Council hit the statutory deadline for the final accounts, although there were some difficulties in putting them together, relating to the SBS system. The Council has had no significant adverse comments from the Audit Commission regarding the 2003/04 accounts, and the auditor's scored judgement has improved.
- 76 Performance against BV157 (the percentage of interactions with the public which can be delivered electronically) has exceeded the Council's target. The Council's approach has been to concentrate on ensuring that the background infrastructure is right. This has actually led to fewer individual systems being e-enabled early on, but the Council has hit its own target and believes that this approach will lead to a better result by the end of 2005.
- 77 Performance management is integral to the Council's call centre, which uses new technology to enable continuous monitoring of activity. The customer relations service has a fairly well-developed performance management culture in place and has improved the percentage of lost calls from 30 per cent to 9 per cent.

How does the performance compare?

- 78 In order to judge the quality of a service, it is important to compare the performance of that service against other suppliers across a range of sectors. The aim is not exact comparison, but an exploration of how similar services (or elements of services) perform in order to identify significant differences, the reasons for them, and the extent to which improvements are required.
- 79 Overall, services do not compare well with other councils. Of 14 available relevant national performance indicators, three were in the worst quartile in 2003/04 and a further five were below the median. These are shown in Table 1. However, two were in the best quartile and a further four were above the median. These are shown in Table 2. Appendix 4 shows the full definition for each of these indicators.

Table 1. Three PIs are in the worst quartile, and a further five are below the median.

Indicators in the worst quartile	Sandwell	Median	Worst 1/4
Buildings w/facilities for people w/disabilities	14%	42%	21%
Ill health retirements/staff	0.65%	0.32%	0.54%
Duty to promote race equality	32%	47%	33%

Indicators below the median			
Types of interaction delivered electronically	56%	65%	52%
Actual/'Typical' energy consumption in LA buildings - electricity	108%	92%	114%
Actual/'Typical' energy consumption in LA buildings - fossil fuels	107%	103%	108%
Legal and advice spend on Quality Mark services	51%	65%	19%
Staff with disabilities c/w population	14%	17%	11%

80 Of the three performance indicators in the worst quartile, performance in the first three quarters of 2004/05 has significantly improved for the percentage of buildings with facilities for people with disabilities and for the percentage of employees retiring early. Quarterly figures are not available for the PI for promotion of race equality.

Table 2. Two PIs are in the best quartile, and a further four are above the median.

Indicators in the best quartile	Sandwell	Median	Best 1/4
Percentage of top 5 per cent earners from ethnic minorities	7.2%	0.7%	3.7%
Racial incidents resulting in further action	100%	100%	100%
Indicators Above the median			
Percentage of top 5 per cent earners that are women	34%	28%	39%
Staff from ethnic minorities c/w pop'n	63%	63%	85%
Early retirements	0.83%	0.42%	0.83%
Satisfaction with complaints handling	34.5%	33%	36%

81 Fleet maintenance prices are competitive. As part of the best value review an independent benchmarking exercise was carried out on the Council's behalf. This showed that prices charged for vehicle maintenance by the Council's in-house fleet maintenance unit are competitive.

- 82 The percentage of people of Sandwell who are fairly or very satisfied with the services provided by the Council in 2003/04 was 64.6 per cent, compared to 53 per cent in 2000/01. Although this relates to all services provided by the Council, Sandwell has been concentrating on improving the way that the Council interacts with the public, and the customer relations unit is part of corporate services. During last year, all councils in England undertook surveys of public satisfaction. This exercise was last undertaken in 2000/01. Public satisfaction with Sandwell council has improved and is in the best quartile nationally. Satisfaction with local councils has fallen nationally.
- 83 The Council has improved its website. The Council has recently redesigned and re-launched its website, with an increased range of options available to users. In a survey of local authority websites recently published, the Society of IT Managers (SOCITM) judged Sandwell's website as providing very useful content and offering some examples of more advanced online self-service features. This is a better rating than the Council's website received last year. In this latest survey, most metropolitan council websites have been given the same rating as Sandwell's.
- 84 During 2002/3, the Local Government Ombudsman received 100 complaints relating to the Council, compared to 114 complaints the previous year. In 2002/03, decisions were made for 74 cases and of these 17 were arrived at by local settlement. The Ombudsman reported no maladministration in these decisions. When first enquiries are made, the Ombudsman asks for a response within 21 calendar days. The Council took an average of 35 calendar days to respond to first enquiries in 2002/03. This was below the median.

Summary

- 85 Overall, this is a fair service because of the following.

Strengths

- ◆ Comparative performance is mixed.
- ◆ Public satisfaction with the Council has improved significantly.
- ◆ There is a good customer service strategy.
- ◆ The Council is performing well against some national indicators, such as the percentage of top earners in the Council that are women or from ethnic minorities.
- ◆ Performance in some areas is improving, such as external customer relations and financial planning.
- ◆ Corporate services deliver some good services to internal customers, such as out-posted finance and performance management officers and fleet management.
- ◆ Corporate services generally support the Council in delivering against its priorities.
- ◆ The Council is making progress against its priorities for these services.
- ◆ Some individual services are well-regarded by their customers.

Weaknesses

- ◆ Corporate services do not compare well with other councils, with more than half of the relevant performance indicators being below the median nationally.

- ◆ The Council cannot demonstrate that its corporate services are providing value for money.
- ◆ Management of performance is not effective in all of these services.
- ◆ It is not clear that the principles customer service have been integrated into business planning for all services.
- ◆ The aims of individual services are not always clear.
- ◆ Many of the services do not involve their users in planning service delivery.

What are the prospects for improvement to the service?

- 86 The initial inspection was undertaken quite soon after the Council completed its best value reviews. At this time, the Council's improvement plans were still being finalised. We therefore delayed publication of this report and carried out further work in February/March 2005 to reassess the prospects for improvement. Our second judgement is therefore based on the current situation.

Does the best value review drive improvements?

- 87 The best value review (BVR) is one of the mechanisms for ensuring that councils deliver continuous improvement to the services they provide.
- 88 The Council's review of its corporate services has been partially successful in that it has identified most of the key areas for improvement, what improvements are critical and it has informed its approach to exploring a strategic partner. However, the review so far has not adequately established 'what customers get for their money' 'what customers want' or 'what can be achieved'.

Planning the review

- 89 The Council's review of corporate services was clear in what it set to do:

'to develop improvement plans to deliver best value service and as such ensure that the Council's corporate core is the first choice for its customers'.

- 90 The Council identified the drivers for undertaking a review of corporate support services which in effect form the basis of the review objectives. These are:
- ◆ support service provision from the Council will inform a forthcoming inspection of Sandwell Homes. The management of the Council's housing stock was transferred to Sandwell Homes, an arms length management organisation in July 2004. To access £350 million of government funding to modernise the housing stock, Sandwell Homes must achieve a 'good' inspection rating in 2005;
 - ◆ an aspiration to achieve a 'fair' CPA assessment in 2005 and 'good' by 2006/07; and
 - ◆ leisure services have been transferred to a leisure trust which has choice over the procurement of support services.
- 91 The scope of the review included 16 services: 14 currently sit within the policy and corporate governance theme and 2, fleet management and corporate property under the urban form. The services included in the review scope were as follows.

Audit, Human Resources, ICT, Legal, Democratic and Member Services, Corporate Property, Fleet Management, Policy and Regeneration, Customer Relations, Performance Management, Printing, Accounts Payable, Debtors, Strategic Finance, SBS Control, Risk Management

The Council was also clear about why it excluded services such as revenues and benefits from this particular review.

- 92 The review was facilitated by an external consultancy and followed a tailored approach with fairly demanding timescales. The overall approach is outlined below.
- ◆ An assessment of the external market place for support services (April 2004).
 - ◆ An assessment of the current performance of all 16 services using the EFQM excellence model (May to July 2004).
 - ◆ Production of individual service improvement plans highlighting 'quick wins' (September to October 2004).
 - ◆ Production of a high level summary and improvement plan pulling out the key areas for improvement (October to November 2004).
 - ◆ Production of a route map for long-term improvements.
 - ◆ Revision of service improvement plans.

Baseline assessment

- 93 A key part of a review is to establish a baseline assessment of the current service. In this case, the use of the a model developed by the European Foundation for Quality Management (EFQM) resulted in strengths and weaknesses which were generally lacking quantitative measures and outcome focus. Not all reviews identified simple *inputs* eg number of staff and costs, *outputs* eg number and type of transactions and *standards achieved*. Therefore it is not clear in this case 'what customers are getting for their money'.
- 94 The methodology also did not pull together a comprehensive picture of existing change plans which impact on these services. This should have included the plans to meet the Council's LPSA targets and the implementation of the customer services strategy. This allows the development of plans that complement these changes.

The application of the four Cs

- 95 The review process involved commissioning an independent market assessment report for support services. This provides a good steer for the Council in understanding what it needs to do prior to entering the market place:
- ◆ have a clear understanding about costs and a service that is performing well;
 - ◆ be clear about what it is aspiring to deliver using a market assessment model of bespoke vs. standard offerings; and
 - ◆ be clear about what benefits the Council expects from the partnership.
- 96 As a result, Sandwell has concluded that it will address the 'compete' element of the review through exploration of a strategic partnership for its support services and is aiming to do this from a platform of 'good quality' services. It has identified that more work is required to 'decipher budgets', develop better SLAs and have clearer specification of services. The Council has now defined what it means by 'good' services' and what the aspirations are for services in the future, together with the potential impact this may have on costs, customers, staff and processes.

- 97 The Council has traditionally run its services in-house including some specialist non core areas like a staff crèche, temporary staff recruitment agency, insurance, printing, vehicle maintenance and catering. Although the review did not address the fundamental question of whether or not the Council should be providing specific services, the Council had previously undertaken a 'make or buy' assessment for some of the services reviewed. The Council has undertaken some restructuring following the BVR, but the size and range of in-house services will be largely unchanged until the strategic partnership is in place. The Council has not taken the opportunity to challenge some specific areas in the short to medium-term and allow exposure to competition.
- 98 In using the EFQM model as the basis of the reviews, a robust application of the remaining four Cs is not evident in the 16 individual assessment reports.
- ◆ There was no systematic comparison of performance, costs and best practice with others. As a result the Council may not know what can be achieved from these services.
 - ◆ Consultation with members was limited and where carried out with internal customers generally determined satisfaction and not expectations of the service. The reports from the Councils BVR do not show that the Council has determined what stakeholders want from support services in the future.
 - ◆ There is limited evidence of challenge in the EFQM assessment reports. The approach taken missed the opportunity to examine service enhancement/reduction and different service delivery models which could maximise the effectiveness of council resources.

Outcomes

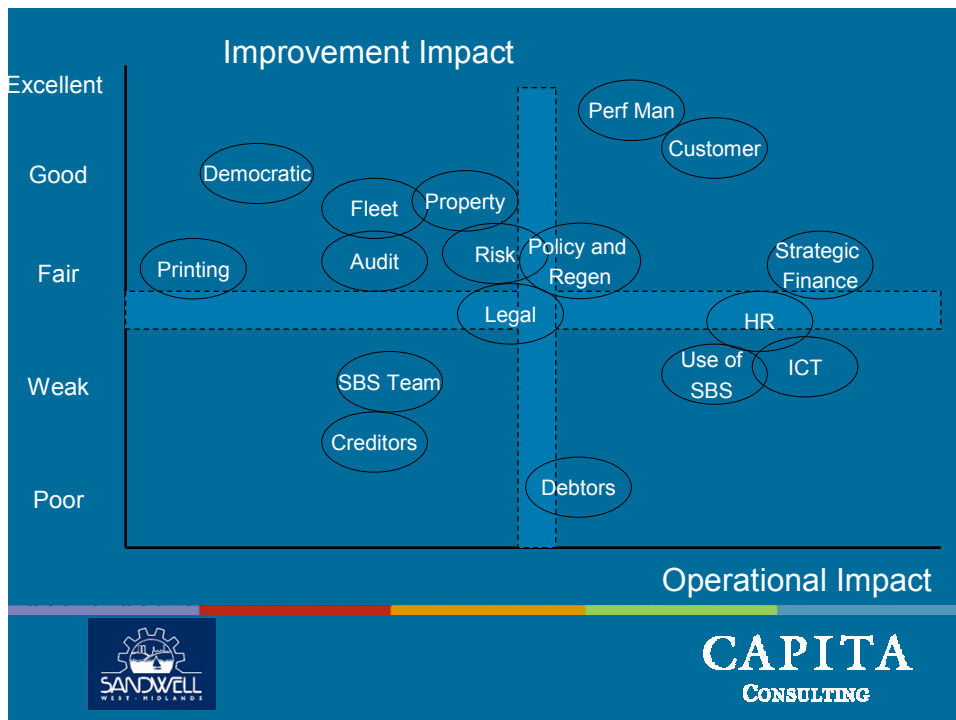
- 99 The high-level improvement plan summary pulled the 16 reviews together, identified the services areas of strength and identified ten key areas for improvement. These are shown in Table 3. This report is fairly hard hitting and provides a degree of challenge not evident in the EFQM assessment reports. It is successful in identifying the majority of weaknesses to be addressed but it does not express an explicit view of costs/value for money.

Table 3: The high-level improvement plan identified ten key areas for improvement

No	Key area for improvement
1	Lack of customer focus
2	Lack of accountability for operational and financial performance
3	Limited understanding and limited management of risk of poor performance
4	Policies and services have not moved with changing demands of the themes
5	Limited appreciation and progress in using the market to enhance existing service
6	Workforce management and change management are not strong
7	Budgets do not reflect services and activities that are delivered
8	Processes and information management are poor
9	Insufficient focus on the things that matter
10	Pockets of duplication across themes and support services

- 100 The BVRs show the majority of services to be fair. The Council concluded in its summary report that 'most services are weak or fair'. However, our analysis of the outcomes of the reviews shows that 11 of the 16 services were in the 'fair' range, being classed as weak/fair, fair, or fair/good. The Council is also of the opinion that its original conclusion was too harsh.
- 101 The Council has identified priorities for improvement. The summary report maps the overall service ratings from the EFQM assessments against operational impact (see Figure 1), which shows that the some of the services with the highest operational impact have been assessed as weak to fair. The Council has concluded that the 'real focus' needs to be on improvements to HR, ICT and SBS for the following reasons:
- ◆ HR is slow to deliver enabling change and has outdated policies and procedures;
 - ◆ ICT has an infrastructure that is suffering from a lack of investment and is inadequate to support the requirements of services and users; and
 - ◆ SBS investment has yet to deliver all of the potential benefits.

Figure 1: The high level improvement plan shows the assessment of each service



How good is the improvement plan?

102 A BVR should result in an improvement plan that sets out what needs to improve, why, and how that improvement will be delivered. It should contain targets that are not only challenging but are also designed to demonstrate and ensure the continuous improvement necessary to put the service among the best 25 per cent of councils within five years.

Overview of current plans

103 Overall, the Council's improvement plans represent a complex picture of change but one which has the potential to deliver improvement particularly in the longer-term. The Council has developed its plans for the improvement of these services on a number of fronts. Each of these plans is in a different stage of delivery, and this is outlined in Table 4.

Table 4: The Council has a number of ongoing plans for improvement

What	Aimed to achieve	Status
Reconfiguration of services	Aimed to deliver 'fit for purpose' through: <ul style="list-style-type: none"> • better customer focus – services that customers want; • building capacity in change management; and • better focus on what matters. 	Approved and in progress. Services regrouped within Corporate Services and some transferred to other themes.
Local service improvement plans	Short-term service specific improvements	Being delivered and monitored.
High-level improvement plan	Specific improvements focusing on HR, ICT and SBS.	Being delivered and monitored, assisted by improvement partner.
Capacity building programme	<ol style="list-style-type: none"> 1. New ways of working by developing new skills in managers and supervisors. 2. From monitoring to managing performance for members and managers. 3. Culture change through leaders and managers. 	£350,000 funding from ODPM capacity building programme.
Management development Programme	Improved leadership and strategic thinking of the Council's senior corporate services team.	Proposal approved.
Strategic partnering	To deliver: <ul style="list-style-type: none"> • increased pace of change; • cost and efficiency savings; and • investment in services and infrastructure. 	Four potential partners shortlisted from 60 responses to OJEC notice.

Strengths

104 Service improvement plans have the potential to significantly improve service performance. Weaknesses acknowledged in the best value reviews are addressed in the improvement plans. In particular, the development of user focused SLAs will help the Council's internal customers shape the service they are getting. Where additional resources are deemed necessary, these are identified. Responsibilities and timescales are also clearly shown. Each improvement plan includes performance measures and targets for 2004/05 and 2005/06. Tasks shown in the plans are being undertaken and some have been completed; for example the production of standard performance management reports, implementing a training programme for fleet workshop staff and the appointment of a customer relations project manager.

- 105 The Council has clearly prioritised the services on which it needs to focus. The senior officer group reviewed the BVR outcomes and identified ICT, HR and SBS as critical and attention has been focused on improvements to these services. The Council has restructured the HR service by separating the strategic elements from the day-to-day employee services and is now developing a workforce strategy. The development and the control of the SBS financial management system have now been brought together under a single head of service and more accurate and timely financial information is now available. In ICT, a single work programme has been developed to enable the Council to clearly identify and prioritise ICT development work across the Council. In addition, a new ICT strategy has been drafted and a corporate steering group on using ICT for service improvement has been set up and is meeting monthly.
- 106 The improvement process is being driven by senior managers. A service improvement board (SIB) has been set up to monitor the delivery of the service improvement plans. The Deputy Chief Executive and Executive Director of Policy and Corporate Governance heads up the SIB, the other members being senior officers from within corporate services. In weekly meetings, the SIB manage progress against plans and ensure the integration of the various actions by identifying dependencies and synergies. The SIB meetings are also improving the communication and understanding between services.
- 107 The Council's plans to build capacity and a focus for change are robust. Actions include a reconfiguration of services to create a change management service, initially through joint working between officers from strategic personnel and performance management, with longer-term plans for a single unit with its own head of service. Also agreed are additional staff resources and a comprehensive programme of skills development at different levels in the Council. The Council is using external consultants to assist in improving these services. In the short-term, this improvement partner has brought specific change management and service specific skills to enable the development and delivery of implementation plans within an accelerated timescale. This approach has already resulted in positive changes and improved morale.
- 108 The Council is committed to and is actively working towards a strategic partnering arrangement. The Council is drawing upon the skills of its recently appointed improvement partner to help with preparations. Having agreed a shortlist of four potential partners the Council is now working to clarify and specify its future requirements to underpin further discussions on partnering arrangement. No definite timescale has yet been set for entering into a strategic partnership, so this is unlikely happen this year. In the meantime, the Council is also looking at other possibilities for investment, such as prudential borrowing, in case the partnership does not materialise.
- 109 The reconfiguration will allow the service to focus on what matters. The Council is transferring some specific areas to other themes. For example, regeneration activities are being transferred to new corporate themes of neighbourhood and community services and urban regeneration and the management of the training centre is moving from HR to the urban regeneration theme. In addition, the switchboard operation is moving from ICT to customer relations. These are more appropriate management arrangements and it is hoped that this will allow a better focus overall.
- 110 The Council has approved an improvement fund of £500,000 to support the delivery of the improvement plans, and has had approval of £350,000 from the ODPM capacity building fund to deliver much of the skills development in staff and managers.

Weaknesses

- 111 Some of the improvement plans are still being developed. In particular, the resources required for some of the proposed actions are shown as officer time or as being within an existing budget, with no quantification of the resource actually required. Without a realistic estimate of resource requirements there is a risk that improvements will not be delivered as resources are stretched too thinly to deliver. Also, a number of performance measures are still being developed and several targets have not yet been set.
- 112 Prioritisation is not clear in the service improvement plans. Although the Council is clear about which of the services are being given priority, the various actions within individual improvement plans do not show any prioritisation. Although some service heads maintain that prioritisation is implied by the timing of individual actions this is not a substitute for explicitly stated prioritisation.
- 113 Cost efficiencies resulting from the service improvement plans are not explicit. Benefits of improvement can come via improvements in quality or reductions in costs. However, the service improvement plans currently only identify qualitative benefits, although there may be significant efficiencies to be released as change is implemented. For example, exploiting the functionality of SBS should enable the release of resources in support and themes. The Council has, however, identified efficiency savings within the policy and corporate governance theme through its recent decision conferencing exercise.

Will the Council deliver the improvements?

- 114 Inspectors look for evidence that a council will deliver what it has set out in the improvement plan. We look for a track record of managing change within the Council and, ideally, within the service itself. The plan should also have sufficient support from councillors, management, staff, service users and other stakeholders, particularly those responsible for delivering it.
- 115 There are some encouraging signs that the Council will deliver improvements planned for corporate services. All key stakeholders are committed to improve the Council's CPA rating and to deliver improvements to corporate services through strategic partnering. There is a common understanding of the opportunities and threats ahead, and the Council is putting significant effort into building capacity to deliver. As a result, individual service heads are now clearly working together to improve overall service provision. Although the Council does not have a historically strong track record of change, and has been slow to deliver improvements to services and significant reductions in costs, there are signs that it is responding positively to external drivers and the pace of change is increasing.

Commitment

- 116 There is a strong sense of commitment to improve. It is evident that senior officers, councillors and staff share a common purpose to improve the Council's CPA rating score, which has improved from 'weak' in 2002 to a current judgement of 'fair'. Key stakeholders understand the opportunities and threats as a result of the creation of Sandwell Homes and the leisure trust and are committed to demonstrate value for money corporate services.
- 117 The Council is committed, at senior levels, to strategic partnering and is clear about what it wants from the partnership. It is not clear yet if the market can deliver this but early signs are encouraging; there were 60 expressions of interest from the OJEC notice and the Council now has a shortlist of four potential strategic partners.

- 118 The Council agreed a Local Public Service Agreement (LPSA) with the Office of the Deputy Prime Minister in October 2003 which includes a target to demonstrate improved value for money across the Council by 31 March 2006. If the Council is successful in achieving all the LPSA targets, it will receive £7.991 million.
- 119 Industrial relations are challenging in Sandwell. The trade unions are against partnering and outsourcing in principle and changes to council HR policies will have a wide impact. There is some evidence that relations are improving but this will be a challenging stakeholder group for the Council to manage.

Capacity

- 120 The Council is actively improving its capacity to deliver improvements. As detailed earlier in this report, the Council's service improvement board and the external consultants acting as a short-term improvement partner, are already having a positive effect. The Council is now pursuing a strategic partnering arrangement which it hopes will significantly increase its capacity for improvement.
- 121 Since 2002, it has improved its CPA score from weak to fair. The Council is responding positively to the 2002 CPA assessment conclusion that it tries to solve too many problems at once and has limited capacity to improve. As outlined in the previous section of this report, the Council has ambitious plans to develop staff, managers and councillors to be able to initiate deliver and sustain change in the future. It is building on its successful 'all4one' innovative programme of culture change/customer focus delivered in 2003 for over 6,000 staff.
- 122 The Council is making good use of a new management tool to develop and prioritise future plans. 'Decision conferencing' uses resources more effectively to work up solutions to complex issues. This is a series of intensive working meetings with no prepared agenda conducted as working sessions and lasting from one to three days. A live computer model is created which enables participants to see the consequences of differing viewpoints, with the intention that a shared understanding and agreed way forward is reached. This tool has the potential to speed up the pace of change in the Council.
- 123 The recently completed round of decision conferencing workshops has identified potential budget savings of £420,000 for 2005/06, plus additional saving for future years. The workshops also redirected existing resources to maximise their impact, including moving three officers from employee services to SBS development. Although the Council does not currently have the financial capacity to adequately upgrade the ICT infrastructure, it has identified areas where prudential borrowing could be used, in addition to exploring increasing its capacity via an external partner.
- 124 The Council has been learning from others. Its recent corporate services managers' conference included speakers from the City of Westminster, Sheffield City Council and SOLACE (the Society of Local Government Chief Executives) covering the topics of improving customer services, outsourcing and changing the culture within the Council.

Track record

- 125 There are signs that the Council is increasing the pace of change and is more willing to tackle difficult decisions to move the Council forward. The creation of Sandwell Homes and the leisure trust is an important signal and is a catalyst for driving improvement more quickly. The creation of the Council contact centre and one-stop shop is already delivering an improved service to customers and provides a visible example of how services can be managed and delivered in different ways.
- 126 The Council has demonstrated through this large scale review that it is now moving quickly to deliver improvements. This review has been conducted at pace, some changes are being implemented immediately and good progress is being made in the strategic partnering process.
- 127 External partners have noted that the Council has changed over the last three years, and that this has accelerated over the last 12 to 18 months. This change is seen as being driven from the top.
- 128 The Council's CPA scorecard track record shows an overall improving picture in the Council. Since 2002 its CPA score has improved from weak to fair. However, most services which the Audit Commission has inspected have been found to be fair with uncertain prospects for improvement.
- 129 However, the Council does not always have a good track record of tackling difficult issues, for example reversing the decisions to close a swimming pool in the light of local public opposition. There has been little evidence that the Council has so far been able to deliver step change in efficiency from its investments in services and infrastructure. Whilst councillors have shown commitment to the idea of strategic partnering, having recently approved a shortlist of four potential partners, this will be tested when the consequence of modernisation is clarified.
- 130 The Council does not have a good track record of improvement in these services.
- ◆ Comparison of performance in 2003/04 against that in 2002/03 shows that, of 28 comparable indicators, performance had worsened in 12 and stayed the same in 2 while the other 14 had improved.
 - ◆ The Council is still in the process of delivering single status and has only recently resolved the issue of moving weekly-paid staff onto monthly payrolls.
 - ◆ There has been limited progress against the delivery of its accommodation strategy.
- 131 The Council has a mixed success in implementing its new corporate financial system SBS and has yet to fully realise the benefits of this substantial investment. Although the system was implemented to schedule, insufficient input was given to ensure that end users were fully on board and able to use the system. However, recent signs are that the Council has turned a corner with this system and officers and members are seeing the benefits of improved financial reporting.

Summary

The current prospects for improvement are promising because of the following.

Strengths

- ◆ The review of corporate services identified most of the key areas for improvement, which improvements are critical and has informed the Council's approach to exploring a strategic partner.
- ◆ The Council's improvement plans have the potential to deliver significant improvement.
- ◆ The Council is building capacity for the immediate delivery of the improvements and for the future.
- ◆ There is a good process underway to explore strategic partnering and contingency plans are emerging if this does not materialise.
- ◆ All key stakeholders are committed to improve the Council's CPA rating and to deliver improvements to corporate services through strategic partnering.
- ◆ There is a common understanding of the opportunities and threats ahead.
- ◆ There are signs that it is responding positively to external drivers and the pace of change is increasing.

Weaknesses

- ◆ The review has not adequately established what 'customers get for their money' 'what customers want' or 'what can be achieved'.
- ◆ Some of the planned service improvements lack specific cost efficiencies and measurable benefits. These are critical to ensure that the overall plans are to be realistic and affordable.
- ◆ The Council does not have a historically strong track record of change and has been slow to deliver improvements to services and significant reductions in costs.

Appendices

The purpose of a best value inspection is to make two judgements. The first is how good is the service being inspected? The second is what are the prospects for improvement? We carried out a range of activities to enable us to reach our judgements.

Documents reviewed

Before going on-site and during our visit, we reviewed various documents that the Council provided for us. These included:

- ◆ the Council plan;
- ◆ reports from the best value reviews;
- ◆ business plans;
- ◆ ICT strategy; and
- ◆ human resources strategy.

Reality checks undertaken

When we went on-site, we carried out a number of different checks, building on the work described above, in order to get a full picture of how good the service is. These on-site reality checks were designed to gather evidence about what it is like to use the service and to see how well it works. We also followed up on issues relating to the management of the review and the improvements flowing from it. Our reality checks included:

- ◆ a review of the Council's website;
- ◆ mystery shopper phone calls to the call centre; and
- ◆ visits to the Council House reception.

List of people interviewed

We met a range of people involved with the service.

Deputy Leader and Cabinet Member for Performance and Equality

Deputy Leader and Cabinet Member for Strategic Resources

Chair of Scrutiny Management Board

Cabinet Member for Community and Neighbourhood Services and Safety

Leader of the Opposition

Deputy Chief Executive and Executive Director of Policy and Corporate Governance

Director of Finance and Business Services

Executive Director of Urban Form

Head of Performance Management

Head of Policy and Regeneration

Head of Legal and Democratic Services

Head of Strategic Finance

Head of Highways Direct

Head of Corporate Property

ICT Service Manager

Performance Manager

Performance Review and Development Manager

Democratic Services Manager

Single Status Co-ordinator

Employee Relations Officer

Senior Policy Analyst

Principal Service Improvement and Review Officer

Principal Assistant Corporate Finance

Audit Services Manager

SBS Control Manager

Risk Manager

Fleet Manager

Customer Relations Manager

Trade Union representative (TGWU)

Trade Union representative (TGWU)

Trade Union representative (GMB)

Chief Exec of Sandwell Homes

Front Line Staff Focus Group

Service Users Focus Group

Service Managers Focus Group

Definitions for performance indicators

Description in report	BVPI	Full definition
Types of interaction delivered electronically	157	Percentage of interactions with public which are capable of electronic service delivery
Buildings w/facilities for people w/disabilities	156	Percentage of council buildings accessible to disabled people
Ill health retirements/staff	15	Percentage of employees retiring on grounds of ill health
Duty to promote race equality	2b	Score against a checklist of progress in promoting race equality
Equality Standard level	2	The level of the equality standard for local government to which the Council conforms
Energy consumption - fossil fuels	180a(ii)	Actual energy consumption from fossil fuels in council buildings as a percentage of the expected typical consumption
Staff with disabilities c/w population	16	Percentage of staff with disabilities as a ratio of percentage of people of working age in the population with a disability
Early retirements	14	Percentage of employees retiring early (excluding ill health retirements)
Percentage of top 5 per cent earners from ethnic minorities	11b	Ratio of percentage of senior employees (top 5 per cent of earners) from black and minority ethnic communities to the percentage of working age population of the Borough from black and minority ethnic communities
Racial incidents resulting in further action	175	The percentage of racial incidents reported to the Council that resulted in further action
Percentage of top 5 per cent earners that are women	11a	Ratio of percentage of senior employees (top 5 per cent of earners) who are women to percentage of women in the population of the Borough
Staff from ethnic minorities c/w pop'n	17	Percentage of staff from minority ethnic communities as a ratio of percentage of people of working age in the population from minority ethnic communities
Actual/'Typical' energy consumption in LA buildings - electricity		Actual energy consumption of electricity in council buildings as a percentage of the expected typical consumption
Legal and advice expend on Quality Mark services	177	Percentage of council expenditure on legal and advice services which was spent on Quality Mark services meeting a priority need

Description in report	BVPI	Full definition
Satisfaction with complaints handling	4	The percentage of complainants satisfied with the handling of their complaints by the Council

Improving public services

The Government has placed a duty upon local councils to deliver services to clear standards – of cost and quality – by the most economic, efficient and effective means available.² Best value is a challenging framework that is designed to improve local services. Councils are required to assess their own performance and put in place measures to ensure continuous improvement in all of their services.

Councils must show that they have applied the four Cs of best value:

- ◆ **challenging** why and how a service is being provided;
- ◆ **comparing** their performance with others' (including organisations in the private and voluntary sectors);
- ◆ embracing fair **competition** as a means of securing efficient and effective services; and
- ◆ **consulting** local **taxpayers**, customers and the wider business community.

The Government has decided that each council should be scrutinised by an independent inspectorate. The Audit Commission performs this role.

The purpose of the inspection, and of this report, is to:

- ◆ enable the public to see whether best value is being delivered;
- ◆ enable the Council to see how well it is doing;
- ◆ enable the Government to see how well its policies are working in practice;
- ◆ identify failing services where remedial action may be necessary; and
- ◆ identify and disseminate best practice.

² This report has been prepared by the Audit Commission ('the Commission') following an inspection under Section 10 of the Local Government Act 1999, and issued in accordance with its duty under Section 13 of the 1999 Act.