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Date	15 October 2013
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Pages	1 of 8

Dear Stuart

Improvement Assessment

I am required, under the Local Government (Wales) Measure 2009 (the Measure) to report my audit and assessment work in relation to whether Caerphilly County Borough Council (the Council) has discharged its duties and met the requirements of the Measure.

In my Annual Improvement Report, issued in September 2013, I reported my views on the Council's compliance with requirements to make arrangements to secure continuous improvement, based on work carried out to date by the Wales Audit Office and relevant regulators and found that:

- Whilst the Council has made some service improvements, there are weaknesses in its self-evaluation arrangements, the pace of improvement is slow in some key priority areas and there are serious failings in its governance arrangements.
 - since concluding, in September 2012, that the Council was likely to comply with the requirement to make arrangements to secure continuous improvement during 2012-13 providing it increased the pace of improvement, we have found significant failings in its governance arrangements;
 - the Council's performance in improving services in 2011-12 has been mixed and it has been slow to address some key priority areas; and
 - although the Council has embedded performance management arrangements it needs to address weaknesses in its approach to self-evaluation and challenge, and report and account for its performance in a more balanced and transparent way.

This letter summarises:

- my views on whether the Council has discharged its statutory duties in respect of improvement planning;
- my further proposals for improvement and/or recommendations; and
- updates to the Wales Audit Office work plan and timetable for delivering my Improvement Assessment work.

I shall update my views during the year and will provide a further letter by the end of November 2013.

The Council has failed to discharge some of its improvement planning duties under the Measure for 2013-14 and should ensure that it acts more in accordance with Welsh Government guidance

I have reached this conclusion because:

I have previously reported in our Annual Improvement Report 2013 that the Council has failed to discharge some of its improvement planning duties under the Measure for 2013-14 as it did not publish its Improvement Plan (the Plan) known as *Caerphilly Council's Improvement Objectives for the year 2013-14* within a reasonable timescale.

The Council undertook consultation with the public on its suggested set of improvement objectives in line with the requirements of the Measure. The consultation was carried out using web and paper-based surveys between 22 April and 24 May 2013. The consultation was advertised on the front page of the Council's website, via Facebook and Twitter, and in the Council's Newsletter, *Newsline*, which is delivered to all households in the county borough.

The Council received 234 responses to its consultation and the percentage of respondents who thought that the Council's proposed 2013-14 improvement objectives were very important or important ranged from 80 to 97 per cent. This information is set out in the Plan. The consultation asked respondents to identify '*What is missing and why do you think it should be added?*' A number of respondents noted that the improvement objectives were focussed towards younger people and commented that there should be more focus on adult care, and improving job and business opportunities for all age groups. These findings were discussed by the Council's Corporate Management Team on 20 June 2013 but did not result in any changes to the Council's improvement objectives as it was felt that these areas were already covered within the Council's 2013-17 Corporate Priorities. The Plan contains a section providing feedback to citizens on what the Council has done in response to the consultation. The Council's improvement

objectives were also informed by the results from the consultation undertaken to shape *Caerphilly Delivers*, the Single Integrated Plan developed with partners.

We recognise the Council's efforts to undertake meaningful consultation to inform its new set of improvement objectives impacted on the timescales to publish its Plan. The Plan was not published until 25 July 2013. In the absence of exceptional circumstances, we would consider it reasonable to expect a council to make arrangements to formulate, scrutinise, approve and publish its improvement objectives at the latest before the end of the first quarter of the financial year to which they relate. In our October 2012 *Improvement Assessment Letter* we identified that the Council needed to ensure that it allowed sufficient time in its arrangements to consult with an appropriate range of stakeholders. Despite raising this as an issue last year and making a proposal for improvement the Council did not subsequently put in place arrangements that enabled it to formulate, scrutinise, approve and publish its improvement objectives in a timely way to meet its statutory obligations.

The Plan has been published in English and Welsh on the Council's website, albeit the Welsh version was published some two weeks later than the English version in order to allow for translation following final approval of the Plan by the full Council. Hard copies are available at the Council's headquarters in Ystrad Mynach and also within its libraries. The Council also sent its Plan to its key partners including the Health Board and Police. The Plan has been advertised on Twitter and Facebook and is available in other formats and languages on request.

At just under 40 pages, the Plan is relatively short so a public summary has not been produced. However, the Council intends to signpost its Plan within the September edition of its newspaper, *Newsline*, which goes out to over 70,000 households, thus helping to make the Plan more accessible to those who do not have access to the internet or who are not computer literate. *Newsline* is published in both English and Welsh.

The Council agreed six improvement objectives for 2013-14, which are different to those from previous years, and the rationale for choosing them is set out in the Plan. The Plan also seeks to explain the difference between improvement objectives and overall Council priorities: 'Improvement Objectives are sometimes a little different from our overall Council priorities in that they are based specifically on areas of unmet need from the public's point of view and where we want to place our focus in a shorter time frame'. The Plan also explains that the improvement objectives were chosen because these were areas where the Council needed to improve or wanted to do more. The Council has expanded the explanation further within the sections for each improvement objective, specifically within the narrative under the question *Why we have chosen this?* which summarises the rationale for selection, often from both a national and local perspective.

The Council has also included some evidence and data to further explain the reasons for selecting the improvement objectives. In addition to the consultation undertaken, the Council considered a range of evidence to determine its improvement objectives. This included service performance, regulator and inspection findings and it is evident that the Council has had regard to the seven aspects of improvement from the Welsh Government guidance. The Plan also demonstrates the links between the Council's corporate priorities and its 2013-14 improvement objectives but it does not explain why no improvement objective was chosen in relation to its corporate priority '*Improving accessibility throughout the county borough*'.

The narrative under each improvement objective is structured in a logical way around seven questions:

- What difference do we plan to make?
- Why we have chosen this?
- Where are we now?
- What actions are we going to take to improve?
- How we will know if we have improved?
- Who are we going to work with to deliver this objective?
- What resources do we have to deliver this objective?

As such, it is evident that the Council has continued its efforts to adopt a more outcome-based approach to managing and reporting its performance. However, the quality of the response to some of the above questions is mixed. For instance, the response to '*What difference do we plan to make?*' for the improvement objective relating to Youth Services is very general. Whilst it is evident that the actions will help deliver the improvement objective, some are quite technical and internally focused and may not be easy for the reader to understand. Moreover, we understand that the first action to review Youth Services has already been undertaken and that a new Head of Youth Service has been appointed.

It is positive to note that the Council has drawn on comparative information within its Plan to illustrate why improvement objectives have been selected. For example, for the improvement objective '*Improve job opportunities by implementing the Council's Passport Scheme*', the Plan highlights the levels of economic activity for the area and how this compares with the Wales average.

Under the question *How we will know if we have improved?* the Council has identified a number of outcomes it aspires to achieve and the measures it will use to determine its progress for each of its improvement objectives. The links between these are clearer than they have been in the past. However, comparative, current and prior-year performance

information is notably absent for the majority of measures within the narrative thereby limiting their value. For instance, one of the measures for the Council's leisure-related improvement objective is *Over 90 per cent of children, by the age of 11 years, can swim at least 25 metres*. However, current performance information or comparative information with other Welsh local authorities for this measure is not included.

The Council has overcome this omission to a degree by including a table as an Appendix to the Plan which lists all the measures for each of its improvement objectives and provides performance information for the past two years as well as the 2013-14 targets. This is an improvement from previous years' plans. However, this information could have usefully been included within the main narrative to enable the reader to better understand what the Council is seeking to achieve. The table does not include comparative information.

The Council has made some progress in addressing the proposal for improvement around the use of comparative information issued in my Improvement Assessment Letter dated October 2012. However, there is still scope to make more use of comparative information, for instance the inclusion of comparative data within the table where it is available would have enhanced the information provided. We have previously encouraged the Council to use a wider basket of evidence to demonstrate progress with its improvement objectives. However, the majority of measures adopted by the Council continue to be quantitative and there are limited examples of more qualitative or wider types of evidence being used to determine progress.

Our review of a sample of Service Improvement Plans showed that overall there was alignment with relevant improvement objectives. The Children Service's Service Improvement Plan, for instance, shows clear links to an improvement objective relating to looked-after children. However, the alignment between the Youth Service related improvement objective and the Youth Service Service Improvement Plan was less clear as the actions contained in the Plan were not explicit in the Youth Service Service Improvement Plan. Again, I previously raised this as an area for improvement in my Improvement Assessment Letter in October 2012, and have found that further work is still needed to ensure links are robust between relevant Service Improvement Plans and improvement objectives.

The Council is currently in the process of developing action plans for each of its improvement objectives as it recognises some improvement objectives involve cross-departmental working. It is important that the Council finalises these as a matter of priority so they can be used to meaningfully monitor performance and deliver the 2013-14 improvement objectives. The Council intends to monitor progress with its improvement

objectives through its bi-annual performance scrutiny meetings, and through Corporate Management Team and Departmental Team meetings.

The Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 set out specific requirements for local authorities in Wales. They were required to develop and publish Equality Objectives and the Council published its Strategic Equality Plan in March 2012. There is significant alignment between the requirement to produce Equality Objectives and the 'Fairness' element that authorities must pay consideration to in setting Improvement Objectives under the Measure. Equality impact assessments were undertaken during the development of the Council's 2013-17 Corporate Priorities, which informed the development of the Council's improvement objectives.

The Plan also contains a section which briefly highlights the links between its strategic equality objectives and its improvement objectives. Indeed, it is clear that some of the Council's improvement objectives, such as improvement objective Number 1 relating to looked-after children, are specifically focused on vulnerable groups within the county borough. In my Improvement Assessment Letter to the Council in October 2012, I made a proposal for improvement about the need for equality impact assessments to be undertaken robustly and consistently for all Service Improvement Plans. It is positive to note that the Council has taken steps to address this. The Council's Equalities Officer has run a series of workshops this year with services to improve their equalities planning. The Service Improvement Plans are reviewed by the Council's Equalities and Sustainable Development Officers as well as the Council's Performance Management Unit and feedback is provided to the service. Any areas for improvement are then addressed by the services before being finalised. The Council's Equalities Officer also provides a whole authority Service Improvement Plan report to Corporate Management Team which outlines the alignment between the Service Improvement Plans and the equality objectives.

The Appointed Auditor has issued a report in the public interest in accordance with Section 22 of the Public Audit (Wales) Act 2004 which raised significant concerns about the Council's governance arrangements. Although the Council is not required to make reference to this within its Plan in order to meet the Measure, given the public interest in the Council in recent months, it is surprising that the Council has not done so, if only to provide assurance to its citizens of the actions it is taking to address the findings.

Further proposals for improvement/recommendations

The Auditor General has made statutory recommendations for improvement under section 19 of the Local Government (Wales) Measure 2009 (the Measure) and these are set out in the Annual Improvement Report 2013 and are reproduced below for reference.

The Council is required under section 20 of the Measure to prepare a statement of the action it plans to take to address the recommendations within 30 working days of receiving the Annual Improvement Report¹.

Statutory recommendations (Annual Improvement Report 2013)

- R1 Address the five recommendations made by the Appointed Auditor in his *Report in the Public Interest* dated March 2013.
- R2 Address the outstanding proposals for improvement identified in the Auditor General's work to date.
- R3 Address the three recommendations made in the Auditor General's report *Evaluation of Social Services Contributions to the Medium-Term Financial Plan* dated September 2013.
- R4 Put in place arrangements that enable the Council to formulate, scrutinise, approve and publish its improvement objectives in a timely way to meet its statutory obligations under the Measure.
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Some new proposals for improvement are also being suggested in this letter. We will continue to monitor and report on the progress made by the Council in implementing the proposals set out in my previous reports and letters.

Proposals for improvement

- P1 The Council should fully implement the proposals for improvement relating to strengthening service planning as set out in my previous Improvement Assessment Letter dated October 2012, but specifically:
- to ensure there are clear links between all relevant Service Improvement Plans and the Council's improvement objectives; and
 - to undertake Equality Impact Assessments consistently and robustly for all Service Improvement Plans.
- P2 The Council should complete its improvement objective action plans as a matter of priority so they can be used to meaningfully monitor performance and deliver the 2013-14 improvement objectives.
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¹ The *Annual Improvement Report* was published by the Auditor General on 10 September 2013.

Updates to the work plan and timetable

My Improvement Assessment Team will keep the Council informed of the detailed arrangements for the delivery of my assessment work.

The regularly updated work plan and timetable provide more detail on the work being delivered during this year's assessment and in particular how we will add value by focusing on jointly identified areas or services.

As a result of the Appointed Auditor's *Report in the Public Interest* and the wider governance issues identified in my work, I have decided to undertake a Special Inspection that will focus on the Council's governance and decision-making arrangements. As part of this inspection, I will work with the Appointed Auditor to assess the progress the Council has made in addressing the recommendations made by the Appointed Auditor in his *Report in the Public Interest* issued in March 2013 and the wider governance issues highlighted in my Annual Improvement Report issued in September 2013. Wherever possible I will aim to integrate the Special Inspection work with the planned programme of work required to inform my improvement assessments and Annual Improvement Report.

I am grateful to the Council for the way in which it has helped to facilitate our work and hope to see effective and efficient arrangements developing over time. I remain committed to providing appropriate levels of public assurance while supporting you in mitigating the inevitable risks to services and accountability that stem from reducing resources and consequential change.

Yours sincerely



HUW VAUGHAN THOMAS

AUDITOR GENERAL FOR WALES

cc: Lesley Griffiths, Minister for Local Government and Government Business

Non Jenkins – Local Government Manager

Jackie Joyce – Performance Audit Lead