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Date	11 September 2013
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Dear Sian

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 the Vale of Glamorgan Council (the Council) has discharged its duties and met the requirements of the Measure.

This letter summarises:

- my views on whether the Council has discharged its statutory duties in respect of improvement planning;
- 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, including:
 - the Council's progress on areas for improvement and recommendations identified in my previous assessments;
 - any relevant issues that may have emerged since my last report, including comments on how the Council is addressing financial challenges; and
 - a brief summary of any reports of relevant regulators issued since my last report.
- 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 discharged its improvement planning duties under the Measure, setting Improvement Objectives for 2013-14

Following a period of internal discussion and consultation with external partners, the Council has agreed a new set of improvement objectives to cover the period 2013–14. These objectives are contained within the Council's document entitled '*Improvement Plan Part 1: Improvement Objectives 2013-2014*' (the Plan) which was published on 28 June 2013.

The objectives were robustly challenged by the Council's Scrutiny committees to ensure they were appropriate and reflected the aims contained within the Council's overarching Corporate Plan. The Scrutiny committees also made recommendations to amend some of the wording of the Objectives to help clarify intentions. The Objectives were finally approved by full Council on 26 June 2013.

The content of the Improvement Plan incorporates the majority of elements included in the Welsh Government guidance

I have reached this conclusion because:

The Plan adheres to most of the requirements in Welsh Government guidance and clearly outlines the Council's agreed priorities i.e. the Improvement Objectives. The Council has provided a sound basis for their selection by:

- referring to the Corporate Plan priorities;
- considering the information from the service planning process and the quality of current performance levels; and
- including recommendations from external and internal audit reports.

The Council is continuing to enhance its approach to improvement planning by ensuring that its eight Objectives are more focused and specific. The themes being primarily to improve services for the vulnerable or to protect the environment. Each Objective contains a detailed rationale for its selection, a series of anticipated outcomes, and a list of actions to achieve the outcomes.

The measures of success mainly include performance indicators which can be compared with previous year's results and targets in order to measure whether improvement has taken place in the following year. For the most part, the indicator results can demonstrate whether each Objective has been successfully achieved. However, there are a few exceptions where it will be more difficult to tell whether the Council has achieved improvement in the more 'qualitative' outcomes, and what evidence will be used to prove success. For example, the document is unclear about how the Objective 'high customer satisfaction with ease of recycling' will be demonstrated. We have been advised that the Council proposes to determine customer satisfaction levels when it undertakes its public opinion survey later this year and that the service had conducted a survey in January 2013. Similarly, it may prove challenging to evaluate how: 'a well-managed cyclical process for recruiting quality foster carers is implemented'. The Council says it will assess its success, or otherwise, in identifying new recruits in a timely manner and quality will be judged on the basis of identifying those suitable to foster.

The Plan also sets out how the Improvement Objectives will be delivered and monitored at service level. It states that the Objectives will be included in the appropriate service's business plans. These business plans take the Objectives to the next stage and demonstrate what the front line services are doing to contribute towards achieving an Objective. For the most part, although there are references to the Objectives within the business plans, the links could be made much clearer.

Significant consultation on the choice of Objectives was undertaken by the Council, involving Members and stakeholders such as Local Service Board partners and voluntary sector organisations. The public could participate through an online survey via the website and there is a section in the Plan outlining "How to get involved" which encourages the public to propose new Objectives and to join the Citizens Panel. However, there is little evidence of the Council consulting with the local business community or other authorities, as recommended by the Welsh Government. Adhering to the Welsh Government statutory guidance, the Plan was published within a reasonable time scale, considering that consultation with Scrutiny committees and stakeholders had taken place.

The Welsh Government's guidance states that councils should publish improvement plans and performance information in ways which facilitate wider engagement with those it serves and to stimulate dialogue on the authority's priorities and progress towards meeting them. Whilst the Plan is available for viewing and download from the Council's website, it is not clearly signposted or promoted on the Council's homepage.

The Welsh language version of the Improvement Plan was available shortly after the English version, in future the Council proposes to publish Welsh and English versions simultaneously. Bi-lingual, hard copy versions have been made available in the Council's libraries.

During the preparation of the '*Improvement Plan – Part 1*', an Equality Impact Assessment was undertaken via public consultation. The purpose of this Assessment was to ensure that none of the protected groups¹ were either directly or indirectly discriminated against by the implementation and impact of the Improvement Objectives included within the Improvement Plan. The Council received only four responses to the consultation; nevertheless, the overall conclusion reached by the Assessment was that 'no major change' was needed to the draft document. The Equality Impact Assessment was approved by the Operational Manager Communications and Policy on 21 May 2013.

Although no summary document has been produced the Objectives are clearly set out and the Plan itself is direct and concise.

The Council is likely to comply with the requirement to make arrangements to secure continuous improvement during this financial year

I have reached this conclusion because the Council recognises the key risks and challenges it faces and is putting in place arrangements to secure financial stability; establish clear lines of accountability for the delivery of its improvement agenda; and continues to strengthen its monitoring and reporting arrangements. The Council is also seeking ways to improve its processes and continually tries to weigh up the impact of change.

The Council recognizes that it faces major financial challenges and has appropriate arrangements in place to manage them

Since I last wrote there have been several events which will prove significant to the Council's financial situation. These include the budget statement from the Chancellor in March 2013; the Comprehensive Spending Review; and the publication of the WLGA's Funding Outlook Position Paper on 8 July 2013.

The Council recognises the significant external demands which are currently being made on its budget, as well as those arising from local priorities. It is trying to achieve a balance between projected savings and efficiencies, driving forward improvement in its priority areas. For example, the Council intends to implement a programme of modernising its children's services and improve the quality of waste and recycling services despite financial cutbacks.

¹ 'Protected groups' as defined in The Equality Act 2010

The Council needs to meet a shortfall of £12.69 million for the period 2012-13 to 2014-15 and its budget preparations continue to plan for this shortfall. The Council continues to consult widely with key stakeholders on its budget and priorities, and its structured system of corporate performance reporting is improving links between corporate plans (including the Council's Medium Term Financial Plan), service delivery, performance targets and operating finances. The Council regularly checks the progress of its financial plans, however it does not specifically monitor efficiency savings.

We will provide further updates and details on what progress the Council is making to address its financial challenges in our next Improvement Assessment letter and Annual Improvement Report in 2014.

The arrangements in place to manage the changes in school improvement services are still in the process of development, and the Council cannot currently be confident that the Joint Education Service represents value for money for the Council

We undertook a review of the new Joint Education Service (JES) earlier this year. Established in September 2012, the partnership includes the Vale of Glamorgan, Cardiff, Merthyr Tydfil, Rhondda Cynon Taf and Bridgend councils and was established to enable neighbouring authorities to more effectively provide school support and traded services to the Education services. This development was driven by the need to reduce costs and to respond to the drive of the Welsh Government towards regional service provision.

Our review asked the question 'Does the Council have arrangements in place to manage the changes in delivery of school improvement services and is it confident that the JES provides a service that represents value for money for the Vale of Glamorgan?'

We concluded that the arrangements to manage the changes in school improvement services are still in the process of development. At present, the Council cannot be confident that the JES is providing value for money for the Council. We also found that the Council's plan for managing the change in delivery of the schools improvement service needs to be strengthened; there is currently, no formal systematic means of testing whether or not the changes brought about by the introduction of the JES are working effectively; and monitoring and reporting arrangements are in the process of being established but have yet to be fully implemented. The Council is currently in the process of considering further action following our proposals for improvement² following our review. We will report progress in our *Annual Improvement Report* to be published in early 2014.

² See Appendix

The Council continues to enhance and improve its performance reporting arrangements

In order to monitor and demonstrate improvement, and to improve the quality of management information and data, the Council introduced a new structure for its directorate level service plans in 2012-13. This also ensures that directorates take ownership of targets and the development of more detailed action plans which set out how services will help support and achieve the Improvement Objectives.

The Council also intends that service plans include a robust self-assessment of performance which will feed into a corporate level self-assessment process. Directorates should be able to use the management information contained in the service plans to quantify and assess the impact of efficiency savings.

The Council's '*Corporate Improvement Single Action Plan*' captures all of the Council's actions in response to the findings of audit reviews undertaken by Wales Audit Office, CSSIW and Estyn. This demonstrates the Council's intention to keep track of external challenge; however, these actions are not yet reflected in Directorate and service plans.

Some elected members have participated in our scrutiny learning exchange project

During the period from November 2012 until April 2013, a team of Members from the Council participated in a Scrutiny Learning Exchange project facilitated by the Wales Audit Office. This entailed a number of teams from five authorities including the Council, Cardiff, Swansea, Bridgend and Neath Port Talbot, together with their Scrutiny Officers, visiting their neighbouring authorities to observe each other's Scrutiny Committees in operation. The intention was that teams would learn new ideas from each other by observing the meetings in action and providing immediate feedback on what they thought was good practice – or an area to improve.

This project has provided an opportunity for the Council to reflect upon how it conducts and evaluates its Scrutiny process. A national report will be issued later in the year which captures all the learning points and will be shared between all 22 authorities. In the meantime, it is expected that individual councils will use the experience to develop their own practice. We will review the actions taken by the Council.

Further proposals for improvement/recommendations

Other than those relating to the JES we have not identified any further proposals for improvement, but will continue to monitor and report on the Council's progress to implement proposals for improvement identified in my previous reports, audit work and letters.

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 provides 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.

The work plan and timetable takes account of my consultation with improvement authorities over my proposals for 2013-14 performance audit work. In particular, I shall be asking my Improvement Assessment Team to consider during the year the reliance that we can place upon the self-assessment processes (including your review of governance in producing the *Annual Governance Statement* and your *Annual Performance Report*). I shall comment on this approach in my *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 even more 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.

I will publish this Letter on the Wales Audit Office website as soon as the Letter has gone through the Council's democratic process, or two months after the Letter is issued, whichever is the sooner.

Yours sincerely



HUW VAUGHAN THOMAS

AUDITOR GENERAL FOR WALES

CC: Lesley Griffiths, Minister for Local Government and Government Business
Steve Barry, Manager – South Region
Helen Keatley, Performance Audit Lead
John Golding, Partner - Grant Thornton

Appendix 1

Review of the governance arrangements of the Joint Education Service Proposals for Improvement June 2013

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- P1 The Council should establish and refine a performance management regime which will formally and systematically test the extent to which the JES is providing a service that delivers to its expectations.
- P2 The Council should undertake a risk assessment of the impact of the JES and update it on a regular basis. It should include any high scoring strategic risks in its corporate risk register. The Education and Skills Directorate should regularly and formally monitor and manage the remainder.
- P3 The Council should ensure that there is sufficient investment in the development of the scrutiny function (in the Council and within the collaborative structure), including regular reviews of its success and challenges, as it becomes a feature of the performance management regime.
- P4 The Council should consider how the value of the service can be increased during the period of the contract, to justify the fixed contribution to the service.