



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

# Annual Improvement Report

## Isle of Anglesey County Council

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# About the Auditor General for Wales

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The Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Assembly Commission and National Health Service bodies in Wales. He also appoints the external auditors of Welsh local government bodies, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. The Auditor General's appointed auditors are responsible for the annual audit of nearly £5.5 billion of funding that is passed by the Welsh Government to local government in the form of general and specific grants. Local government, in turn, raises a further £2.1 billion through council tax and business rates.

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This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Huw Lloyd Jones and Andy Bruce under the direction of Alan Morris.

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# Summary report

- 1 Each year, the Auditor General must report on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement and delivering their services. Drawing on the work of the relevant Welsh inspectorates, as well as work undertaken on his behalf by the Wales Audit Office, this report presents a picture of improvement over the last year. The report is in three main sections, which cover the Council's delivery and evaluation of services in relation to 2011-12, and its planning of improvement for 2012-13.
  - the Council is responding constructively to the findings of the Estyn inspection in 2012;
  - housing benefit services are generally improving;
  - the Council is one of only two in Wales to deliver the Welsh Housing Quality Standard by the target date and arrangements for responsive repairs to housing are improving;
  - the Council's arrangements for the management of its information asset limit the Council's ability to improve; and
  - the Council is developing its partnership working arrangements, beginning to engage with the public more effectively and is addressing economic, social and environmental issues.
- 2 The Auditor General has concluded the Isle of Anglesey County Council (the Council) is making good progress in delivering improvements and has responded constructively to advice from the Commissioners and regulators, but the momentum of change needs to continue in order to ensure sustainable improvement.
- 3 We found that the Council is making progress in delivering improvement in most of its priorities but needs to focus on weaker services to improve outcomes for the public:
  - the Council continues to make good progress in addressing the Commissioners' corporate governance themes and has reached a critical turning point with intervention being scaled back;
  - good progress is being made in bringing about improvement in the performance of children's services and responding to the findings of the Care and Social Services Inspectorate for Wales (CSSIW) inspection in 2011;
- 4 We also found that the Council's approach to reporting and evaluating performance is improving, and the Senior Leadership Team is adding to the Council's capacity and capability to deliver further improvement:
  - the Council's annual self-evaluation report is balanced but there is scope to include more qualitative information to provide a rounded evidence base to enable it to assess its performance;
  - governance and monitoring arrangements are improving while scrutiny and audit committees are performing well, with both elected and lay members providing valuable challenge and input;

- the Council is learning to be more self-critical in its evaluation of delivering services and outcomes for citizens; and
- the Senior Leadership Team is providing strong and visible leadership, and has added significantly to the Council's capacity and capability to deliver further improvement.

5 Finally, the report sets out our views on how well the Council is planning for, and making arrangements to support, improvement. We concluded that: the Council has a comprehensive plan for improvement which will be challenging to achieve, but which has realistic prospects to bring significant improvements to services and the people of Anglesey. We found that:

- the Council has discharged its improvement planning duties under the Local Government (Wales) Measure 2009 (the Measure) and has acted in accordance with Welsh Government guidance;
- the Council continues to make steady progress in addressing the proposals for improvement identified in previous assessments;
- the Council has clear and robust financial plans but faces a number of financial challenges with continuing austerity measures; and
- the Council has developed an organisational development plan to support long-term improvement and modernise the way the Council works.

# Recommendations

- 6 We make no further recommendations in this *Annual Improvement Report*. The Council has set for itself a challenging agenda. The Auditor General and his staff will monitor the Council's progress in implementing this agenda during the forthcoming year.

# Detailed report

## Introduction

- 7 Under the Measure, the Auditor General must report each year on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement and delivering their services. [Appendix 1](#) provides more information about the Auditor General's powers and duties under the Measure. With help from Welsh inspectorates, Estyn (for education) and the CSSIW, we have brought together a picture of what each council or authority in Wales is trying to achieve and how it is going about it. This report also sets out the progress the Council has made since the Auditor General published his last *Annual Improvement Report*, drawing on the Council's own self-assessment.
- 8 We do not undertake a comprehensive annual review of all Council arrangements or services. The conclusions in this report are based on our cumulative and shared knowledge, and the findings of prioritised work undertaken this year.
- 9 Given the wide range of services provided and the challenges facing the Council, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
- recommend to Ministers of the Welsh Government that they intervene in some way;
  - conduct a special inspection and publish the report with detailed recommendations;
  - make formal recommendations for improvement – if a formal recommendation is made the Council must respond to that recommendation publicly within 30 days; and
  - make proposals for improvement – if we make proposals to the Council, we would expect them to do something about them and we will follow up what happens.
- 10 We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at [info@wao.gov.uk](mailto:info@wao.gov.uk) or writing to us at 24, Cathedral Road, Cardiff CF11 9LJ.



## The Council is making good progress in delivering improvements and has responded constructively to advice from the Commissioners and regulators, but the momentum of change needs to continue in order to ensure sustainable improvement

The Council is making progress in delivering improvement in most of its priorities but needs to focus on weaker services to improve outcomes for the public

The Council continues to make good progress in addressing the Commissioners' corporate governance themes and has reached a critical turning point with intervention being scaled back

11 Following a recommendation by the Auditor General in March 2011, the Minister for Social Justice and Local Government appointed five Commissioners who replaced the Council's Executive. This scale of intervention was unique, reflecting the seriousness of the Council's historical problems. The Commissioners subsequently developed a work programme to help lead to a sustainable improvement in the Council's corporate governance. The work programme includes the development of 10 corporate governance improvement themes against which the Commissioners regularly assess the Council's progress. The themes are comprehensive in their coverage of the critical issues that the Council needs to tackle in order to establish a long-term sustainable recovery.

12 In last year's *Annual Improvement Report*, we recommended that Welsh Ministers should:

- promote the gradual transfer of decision-making power from the Commissioners to the shadow Executive; and
- as the transfer of decision-making power proceeds, redefine the role of Commissioners so that they monitor the Council's progress, while retaining the power to intervene as necessary.

13 In his *Improvement Assessment Letter* in September 2012, the Auditor General agreed with the Commissioners that conditions were in place for the Minister to consider a return to democratic control with specific safeguards in place.

14 In October 2012, the Minister for Local Government and Communities returned all of the powers formerly exercised by the Commissioners back to the Council and its Executive. The decision was based on the progress made by the Council and findings from our work undertaken this year. However, in order to safeguard the improvements the Council has achieved, the Minister directed that three of the five Commissioners should be retained until 31 May 2013, known as the 'improvement and sustainability' phase of intervention. The remaining Commissioners will monitor and report progress to Ministers and offer ongoing guidance, mentoring and support to the Council and officers. Commissioners also retain the power to confirm or override any Council decision which goes against the advice of statutory officers.



15 The Commissioners now formally review progress through the monthly meetings of the Improvement and Sustainability Board. The sixth Commissioners' progress report issued in February 2013 shows good progress made by the Council against all 10 corporate governance improvement themes.

**Good progress is being made in bringing about improvement in the performance of children's services and responding to the findings of the CSSIW inspection in 2011**

16 The CSSIW published its review and evaluation of the performance of social services during 2011-12 in October 2012. The report describes positive change and improvement though some risks remain.

17 The CSSIW reported that 2011-12 was a year of significant change for the Isle of Anglesey Social Services department. In particular, there was intense corporate activity in response to concerns about children's services, especially in relation to safeguarding. A new interim director was appointed at the end of January 2012 and a permanent appointment took up post in August 2012. The Council also appointed a new Head of Children's Services.

18 However, the Council faces continuing challenges in terms of its ability to recruit and retain social workers and service managers. The Council recognises that, across all services, it needs to restructure its workforce and to make progress with job evaluation and reaching a Single Status agreement. This work has the potential to help resolve the current difficulties in social services.

19 The Council faces a challenging financial situation. It has agreed the principles needed to modernise adult services, but the difficult decisions required and the management of the risks associated with this work will need significant corporate oversight and support. In this respect, the increasing implementation and embedding of corporate initiatives such as risk management, performance management and quality assurance has the potential to support improvement in social services.

20 The Council has responded positively to the areas for development identified last year by the CSSIW, particularly in relation to children's services. The Council has introduced strengthened guidance, increased staffing and brought in additional expertise. There have also been significant efforts to improve performance and quality management.

21 Progress has been satisfactory, and, during 2011-12, the Council has moved from a low-performing authority to performing well against a number of performance indicators. The CSSIW's full report is available at <http://wales.gov.uk/docs/cssiw/publications/121031angleseyen.pdf>.

## The Council is responding constructively to the findings of the Estyn inspection in 2012

22 Estyn and the Wales Audit office inspected the Council's Local Authority Education Services for Children and Young People in May 2012. The inspection found that the services were unsatisfactory and that they had unsatisfactory capacity to improve. The report recommends that the Council should:

- raise standards in all key stages and make sure that all learners who can do so achieve functional literacy by the end of key stage 2;
- plan more effectively with relevant professionals to improve school attendance rates;
- establish sound business-planning , project-planning and risk-assessment processes to professionalise the operational delivery of education services;
- plan better efficiencies in the allocation of resources for the lifelong learning service;
- secure more thoroughness and consistency in requirements for self-evaluation, both operationally and strategically;

- take action to reduce surplus places; and
- formalise and strengthen performance management systems and challenge the performance of schools and officers.

23 Some of the issues arising are a legacy of poor corporate governance in recent years. However, the Council is reacting constructively and responsibly, and has implemented an action plan to improve the quality of its education services. A Recovery Board was subsequently appointed by the Minister for Children, Education, Lifelong Learning and Skills to provide support and external challenge.

24 Arrangements are in place for the Recovery Board to liaise with the Commissioners in order to ensure consistency with corporate improvement, and the Welsh Government has seconded an officer to the Council to facilitate the challenge and support process.

25 Since then, the Recovery Board has reviewed detailed strategic and operational information and received regular progress reports. A series of focus groups were also held to gather further information and evidence, and provide a clear direction of what is needed to improve. The focus groups included a range of stakeholders including secondary and primary school head teachers, education officers, school improvement officers, school governors and the scrutiny committee.

26 The meetings and focus groups were productive and provided the Recovery Board with a means to support the Council's improvement and respond effectively to Estyn's recommendations. The Recovery Board has identified the following actions to help support the Council's action plan:

- organising a self-improving system of workshops to stimulate and deepen collaboration between head teachers in Anglesey;
- conduct a strategic overview of the whole school estate to help school reorganisation and reduce excess places; and
- providing a mentor to support the Director of Lifelong Learning.

27 The performance of both primary and secondary schools in 2012 improved significantly on the results of the previous year and relative to other councils in Wales. The latest available data on attendance in schools also shows an improvement. The Executive has, since regaining its decision-making powers, taken difficult but necessary decisions to reshape primary school provision. If implemented, these decisions will help to provide a modern and sustainable primary education system and help to reduce surplus capacity. The Recovery Board has reported being optimistic about the potential for the Council to make significant improvement.

### Housing benefit services are generally improving

28 In common with other Welsh councils, the rate of increase in the number of claimants for housing benefit during 2011-12 slowed compared with the period April 2009 to May 2011. There were 7,510 claimants in May 2012, three per cent more than in March 2011.

29 The Council has continued to speed up its processing of new claims and changes of circumstances. The average time taken to process new claims reduced from an average of 22 days in 2010-11 to 21 days in 2011-12 and is now close to the Welsh average of 20 days. The time taken to process changes of circumstance notifications has also reduced to nine days for 2011-12 but remains longer than the Welsh average of seven days.

30 Whilst speed of processing is important, there are a number of other measures which help to give a full picture of how well the Council is processing benefit applications. As the Department for Work and Pensions (DWP) does not publish this data, we have collected it directly for the councils via the service performance profiles. Analysis of these measures for 2011-12 suggests that an effective and customer-focused housing benefit service is in place:

- The percentage of new housing benefit claims decided within 14 days improved to 94 per cent in 2011-12, better than the Welsh average of 91 per cent.

- The percentage of new claims outstanding for more than 50 days fell to three per cent in 2011-12. This reduction shows the service has reduced its backlog and that it delivers a prompt service to the majority of claimants.
- The Council also improved the speed with which it deals with appeals. All seven of those received in 2011-12 were submitted to the Appeals service within three months and the average time taken to deal with appeals fell from 103 days in 2010-11 to 74 days in 2011-12.
- 95 per cent of housing benefit claims were calculated correctly in 2011-12, slightly fewer than the previous year.
- The Council recovered a smaller percentage of housing benefit overpayments during 2011-12 than in 2010-11. However, the percentage of overpayments written off during 2011-12 was lower than in 2010-11. The Council told us that it realised that the inclusion of recovery action in the duties of processing staff was contributing to the decline in performance during 2011-12 and that some specialism was required. A specialist staff member now deals with overpayment cases before they are sent to the Recovery Team.
- The Council maintained its performance in detecting and investigating suspected instances of fraudulent claims for housing benefit.

31 The introduction of ATLAS (Automated Transfers to Local Authority Systems) has created additional workload for all Welsh councils. ATLAS enables the automatic transfer of award data for a range of DWP benefits and HM Revenue and Customs (HMRC) tax credits direct to local authority systems. Information is transferred where there is a new award or a change of award and the DWP/HMRC customer is in receipt of housing benefit/council tax benefit. Whilst ATLAS should reduce overpayments over time, councils may experience extra work in the short term. The Council confirmed that the introduction of ATLAS did initially impose additional workload on staff, but during 2012, it implemented automated arrangements using the Northgate IT system. ATLAS changes now work effectively with little disruption to normal processing functions. It will be important that the Council continues to act on the data transferred via the ATLAS system, as there is potential for any 'unactioned' changes to be considered as local authority error within the 2012-13 subsidy regime.

**The Council is one of only two in Wales to deliver the Welsh Housing Quality Standard by the target date and arrangements for responsive repairs to housing are improving**

- 32 The Welsh Housing Quality Standard is a standard the Welsh Government expects all social housing to meet by March 2013. The standard addresses not just the physical conditions of properties, but also integrates social, environmental and economic concerns.
- 33 The modernisation scheme has seen significant home improvements for tenants living in nearly 4,000 council-owned properties on Anglesey with the majority receiving new kitchens, bathrooms and wiring. The standard was met before the deadline in December 2012. The Council has performed well by being one of only two councils in Wales and the only council in North Wales to achieve the standard by December 2012.
- 34 The Wales Audit Office has recently conducted a review of homelessness in Anglesey and I will report the findings from the review later this year and in my *Improvement Assessment Letter* later in 2013.
- 35 Providing responsive repairs is an important function for Council tenants. Examples include repairing a cracked window, unblocking a drain or remedying a plumbing or electrical fault. Taking account of the Council's own concerns, we evaluated in 2012 how effectively the Council's maintenance service for responsive repairs were being delivered.
- 36 Our work found that the Council's arrangements have been in place for a number of years and were based on a client/contractor split. The Council's Housing Services team, based at Llangefni, acts as the client and the Council's Building Maintenance Unit, based at Gaerwen, acts as the contractor. The statutory requirements for councils to subject services to Compulsory Competitive Tendering (CCT) were replaced with a duty to secure best value many years ago. There is no requirement, therefore, for the Council to organise service delivery based on a client/contractor split.
- 37 The arrangements for the Council's Building Maintenance Unit were based on meeting CCT requirements that are now out of date. Our review identified a number of weaknesses in the framework, such as difficulties in assessing the effectiveness of the service and whether value for money was being achieved. The Council responded constructively by conducting a service review with support from an external consultant. In October 2012, the Council created an action plan that is monitored every month by the Head of Service and senior officers. The Council is introducing more effective ways to manage the service including adopting a cost centre approach, introducing a condensed schedule of rates and a new letting standard. New technology is being rolled out which will support mobile working for housing services and performance targets have been adopted.

### The Council's arrangements for the management of its information asset limit the Council's ability to improve

38 With increasing financial pressure on the public sector, there is a need to maximise and exploit the information held to deliver and plan for quality services effectively, taking decisions with all the available information to support and protect vulnerable people.

39 The Wales Audit Office identified that many local authorities are grappling with using information effectively to support service transformation and efficiency savings. As a result, we undertook reviews of information management at all councils in Wales during 2011-12.

40 Our review of the Council's arrangements, issued in March 2012, concluded that: the Council's current arrangements for the management of its information asset is weak and limit the Council's ability to improve. We came to this conclusion because:

- the Council lacks an information strategy, and ownership, accountability and responsibilities for information are unassigned; and
- the Council has broadly sound technical information security and good performance in relation to both data protection and freedom of information access requests, but a lack of knowledge about its information asset means it cannot fully understand areas that represent the highest risk and therefore cannot focus its efforts on the areas that need the most improvement.

41 In September 2012, Internal Audit conducted a review of data security as part of its internal audit plan for 2011-12. The report highlighted a number of similar weaknesses for the management of data.

42 The Council is responding positively and has set up a project group and action plan to address the weaknesses. The project group will report on progress to the Deputy Chief Executive.

### The Council is developing its partnership working arrangements, beginning to engage with the public more effectively and is addressing economic, social and environmental issues

43 The Council is making progress through a number of collaborative initiatives, although some are not yet fully developed. The new corporate arrangements are enabling the Chief Executive to concentrate more on developing regional leadership and collaboration. Examples include working with Gwynedd County Council on the development of:

- A joint Local Development Plan
- A joint Local Service Board
- An Integrated Family Support Service
- Joint Planning Policy Unit

44 The Council is also involved in regional collaboration in North Wales, including the development of a commissioning hub for specialist residential placements for children. Further examples of pan-North Wales' partnership work include the development of



a regional residual waste treatment project, minerals and waste planning partnership and regional transport management structure.

45 The Council made progress during the year as it embarked on a re-engagement exercise with the public. The Council conducted public drop-in sessions entitled *Our Council, Your Contribution* and a residents' survey of over 1,000 people, and used the feedback to reset the Council's priorities for 2012-13 and to shape its plan for 2012-2015. Citizens are being encouraged to continue to contact the Council to help establish improvement objectives for 2013-14. Furthermore, the Council established a panel of 400 residents who are willing to be consulted on a range of issues.

46 In addition, the Council's website has improved, is increasingly accessible, informative and consultative. The Council is also taking a number of other initiatives to raise its profile by more effectively using social media and the local community radio station, *Môn FM*.

47 During 2012, there was uncertainty around the development of the Wylfa B nuclear power station. A new development has emerged, however, with an overseas consortium purchasing the plant for future development. Meanwhile, promising signs of the potential for economic regeneration are emerging from government-backed initiatives like Enterprise Zone status and the *Energy Island Programme*.

48 Collection and disposal of waste has a significant impact on the environment and councils in Wales have a statutory responsibility to collect and dispose of municipal waste. This includes regular household collections, recycling collections, collection of bulky items and waste received at civic amenity sites. The Welsh Government has set a target for councils of 52 per cent of household waste to be recycled by 2012-13, with the possibility of fines imposed for those who do not meet the target. The Council is making good progress towards meeting its national waste targets and exceeded the national target by three per cent. However, the data for this indicator could not be considered to be reliable due to the Council being unable to segregate beach waste from more general waste as defined by the national indicator.

49 Councils in Wales are required to clean up small-scale fly tipping or the illegal dumping of waste on public land within five days of it being reported. The Council's performance for clearing incidents of fly tipping has improved from last year, although it remains in the lower quartile when compared to other Welsh authorities.



## The Council's approach to reporting and evaluating performance is improving, and the Senior Leadership Team is adding to the Council's capacity and capability to deliver further improvement

The Council's annual self-evaluation report is balanced but there is scope to include more qualitative information to provide a rounded evidence base to enable it to assess its performance

50 In the January 2013 *Improvement Assessment Letter*, we reported that the Council has complied in full with its improvement reporting duties under the Measure; but the content and structure of the Council's Performance Report (Report) could include more qualitative information to provide a more rounded evidence base.

51 The Report includes all the required elements. In particular, the Report explains how its contents contribute to the Council's statutory duty to make arrangements to secure continuous improvement and be accountable. It also sets out the Council's performance against all statutory performance indicators and provides a balanced assessment of its performance. The Report provides an honest appraisal of performance and gives no impression that the Council is overstating its strengths or underestimating its weaknesses. In addition, our sample of the Council's performance indicators this year suggests that the quality of the data contained in the Report is generally robust. However, the Report lacks sufficient information to support the Council's evaluation against some of its improvement objectives.

Governance and monitoring arrangements are improving while scrutiny and audit committees are performing well, with both elected and lay members providing valuable challenge and input

52 The auditor appointed by the Auditor General recently gave his opinion on the Council's accounts and concluded that the financial statements were generally satisfactory. This is the first time in the last three years that this process has been completed in accordance with all statutory timescales. [Appendix 3](#) gives more detail.

53 Since their appointment, the Commissioners have worked hard to develop the skills of councillors and to draw on their local knowledge before making decisions. The shadow Executive, in particular, responded well and took a mature approach over difficult issues, working well with Commissioners, the Chief Executive, Senior Leadership Team and officers on key developments. This progress has been maintained since the Executive regained its decision-making powers in October 2012.

54 The Executive and monitoring arrangements are now established and the audit committee and scrutiny meetings are being conducted in a professional manner. The quality of reports and level of debate in Council meetings have generally been of a good standard and a number of issues, critical to the ongoing recovery, have progressed through the democratic process. From observations of meetings, both elected and lay members of committees are providing valuable input to the governance process.

55 The Welsh Language Commissioner has indicated scrutiny arrangements are more robust for Welsh language issues. There has been improvement since the formation of the Language Task Group and the Corporate Scrutiny Committee was tasked with keeping an overview of Welsh language matters. The implementation of the *Welsh Language Scheme* is also supported by departmental action plans, and the Council collects and records information relating to the Welsh language skills of the workforce. The work of implementing the language skills strategy and of improving corporate information on workforce language skills is also continuing. The Council failed to provide information about language requirements in contracts with third parties. However, there is a commitment in place to review procurement practices in relation to the Welsh language during the coming year. The Council has a process for assessing the impact of policies on equalities and this includes consideration of the Welsh language. The Commissioner has advised that monitoring processes of the assessments will need to be improved further during 2013.

56 The Council has amended its Constitution to improve the way in which it operates. The changes should help to prevent some of the issues which previously resulted in political instability and add a degree of sustainability to the Council in future.

57 In my September letter, I referred to the fact that the Council had accepted the Boundary Commission proposals to reconfigure ward boundaries and create multi-member wards for the elections in May 2013. As a result, the Council's membership will fall from 40 to

30 councillors. In response, the Council has adopted a more forward-thinking approach by developing a revised democratic governance and accountability framework to reflect the 30-member Council which will be returned after the election in May 2013.

### The Council is learning to be more self-critical in its evaluation of delivering services and outcomes for citizens

58 With the support of the Commissioners over the past 18 months, members and senior officers are providing greater leadership around a number of difficult issues. Examples are issues relating to budgets and potential cuts in services. Whilst there have been political differences of opinion, the atmosphere in the Council has generally been constructive and conducive to good order and discipline, resulting in sound and reasonable decisions being made. There has been no indication of any return to the destructive behaviours of the past and little in terms of adverse publicity in the local media. This represents a significant step forward for the Council in terms of rebuilding its reputation and the trust of its citizens.

59 The Council's track record in self-evaluation during the past year has been an inconsistent one, with external assessments providing a picture of varying reliability in the Council's self-evaluation of its performance during 2011-12. In May 2012, Estyn and the Wales Audit Office concluded that the Council's education services were unsatisfactory and that they had unsatisfactory prospects for improvement. In reaching these conclusions, they judged that:

- business-planning and risk-assessment processes have not been robust enough to identify and address the slow pace of progress in education services and schools; and
- self-evaluation processes have been patchy and progress against recommendations made in previous inspections has been limited.

60 In contrast, the CSSIW has judged that the Council's annual evaluation of its social services was balanced and supported by reports from both adult and children's services. The evidence supporting the self-evaluation was wide-ranging and helpful in assessing the Council's performance.

61 Over the past 12 months, members and officers have attended externally facilitated developmental workshops. The feedback and learning from the workshops has helped develop a new methodology for self-assessment underpinned by better performance management.

62 The Commissioners are working with the Senior Leadership Team, the Welsh Local Government Association and a team of change management consultants to develop a Sustainability Assessment Framework, which will form the basis of future assessment, and reporting. Once complete, the framework will enable the Council to gather and, through a process of self-assessment, provide the evidence that it needs to demonstrate its achievements and bring greater objectivity to the continuous improvement process.

### The Senior Leadership Team is providing strong and visible leadership and has added significantly to the Council's capacity and capability to deliver further improvement

63 In my September letter, I reported the Council had recruited three new and experienced officers to its Senior Leadership Team. With the support and guidance of the Commissioners, the new team is providing strong and visible leadership, and has added significantly to the Council's capacity and capability to deliver further improvement in both corporate and service-specific functions.

64 The restructure of the Senior Leadership Team is making best use of the individuals within it. For example, the Deputy Chief Executive is increasingly taking responsibility for the operational direction and control of the Council, and for establishing robust programme management arrangements. This role helps to free up the Chief Executive's time to focus on important strategic issues, and to liaise effectively with the Executive and lead members.

65 The new arrangements are also allowing the Chief Executive to engage more in the development of regional leadership and collaboration. An example is the Council's response to the Minister's request that Anglesey takes a leading role in tackling human trafficking and work with cross-sector agencies across North Wales.

- 66 During the past 12 months, the interim Head of Resources provided sound leadership in helping the Council to address the significant financial challenges it faces and in beginning to reform the Finance and ICT services. For example, the staffing structure in the Finance department is being developed to provide additional capacity to support services as well as providing the required corporate finance services. To further aid capacity, the Council has now appointed a permanent Head of Resources, Head of ICT, and recruited a Programme Manager to coordinate service improvement.

## The Council has a comprehensive plan for improvement which will be challenging to achieve, but which has realistic prospects to bring significant improvements to services and the people of Anglesey

The Council has discharged its improvement planning duties under the Local Government (Wales) Measure 2009 and has acted in accordance with Welsh Government guidance

67 The Council plan identifies four improvement objectives for 2012-13 and explains clearly why the improvement objectives were chosen. The plan is more outcome-based than before and better reflects the needs of citizens. The Council conducted a citizens' survey earlier this year and used the feedback to reset the Council's priorities for 2012-13 and to shape its plan for 2012-2015. Citizens are being encouraged to continue to contact the Council to help establish improvement objectives for 2013-14. The plan is available in an abbreviated summary version, which the Council is promoting.

68 There remains scope for the Council to further improve the quality of its plan. For example, each improvement objective has a description of what success will look like, but some are not sufficiently clear about how they will be measured or, in some cases, what the standard is. Actions are set out in the plan, but some are not clear enough about what the Council intends to do.

The Council continues to make steady progress in addressing the proposals for improvement identified in previous assessments

69 The Council is making steady progress in responding to the proposals for improvement that have been made in our previous reports. We have assessed that:

- the Council is making good progress in addressing the Commissioners' 10 corporate governance improvement themes;
- the Council's clarity of direction is improving and there has been reasonable progress in addressing the proposals for improvement identified in my last *Annual Improvement Report*;
- the restructuring of senior management adds significantly to the Council's capacity and its capability to deliver further improvement in both corporate and service-specific functions;
- the Council is dealing more maturely than before with controversial issues and has taken steps to ensure that the improvement is sustainable;
- the Council has improved its engagement with the public and is beginning to address democratic renewal;
- the Council has responded constructively and responsibly to the recent highly critical inspection of its education services by Estyn and the Wales Audit Office; and

- an enhanced performance management system has been designed with the assistance of external consultants and is being used to manage the education service action plan.

### The Council has clear and robust financial plans but faces a number of financial challenges with continuing austerity measures

- 70 The Council's draft *Statement of Accounts* were certified by the Interim s151<sup>1</sup> officer by the deadline of 30 June 2012 and presented to the Audit Committee in July 2012. The final *Statement of Accounts* were audited and approved by 30 September 2012. This is the first time in the last three years that this process has been completed in accordance with all statutory timescales. Further information can be found in [Appendix 3](#).
- 71 The Council has well-established medium-term financial planning arrangements which involve extensive consultation and challenge. The current medium-term revenue budget strategy 2013-2016 shows savings of £2.9 million to be achieved in 2013-14 and funding gaps of £3.1 million and £4.0 million in 2014-15 and 2015-16 respectively.
- 72 The Council's budget has been set alongside the corporate plan and improvement priorities, and includes not only savings but also investment in priority areas such as the *Energy Island initiative*. However, there is a recognition that for some services the scale of the financial challenge will require them to be delivered differently.
- 73 The Executive has identified Education, Adult Social Care, Leisure and Libraries for service redesign and reconfiguration during 2013-14 in order to deliver efficiency savings.
- 74 Recent investment in new systems and the better use of technology is expected to deliver savings in the future. One of the major uncertainties in previous budgets has been caused by the continuing delay in implementing job evaluation. A timetable has now been agreed for the implementation of job evaluation by April 2014. The medium-term revenue budget strategy includes the anticipated costs of implementation which will be funded in part by reserves which have been set aside over a number of years to meet this cost.
- 75 The Council anticipates drawing upon £0.5 million from general reserves to meet a projected overspend for the 2012-13 financial year. Strong budgetary control processes need to be maintained in order to ensure that there are no further calls on general reserves which are projected to stand at £4.4 million at the end of the 2012-13 financial year.

<sup>1</sup> Section 151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of its financial affairs and requires one officer to be nominated to take responsibility for the administration of those affairs. The Section 151 officer has a number of statutory duties, including the duty to report any unlawful financial activity involving the authority or failure to set or keep to a balanced budget.



**The Council has developed an organisational development plan to support long-term improvement and modernise the way the Council works**

- 76 With the support of the Commissioners and external consultancy, the Council has developed a comprehensive organisational development plan as the basis of its strategic development and improvement over the next three years. The plan, known as *The road map to a new Anglesey*, has received Council approval and full ownership from the Senior Leadership Team and Executive. The organisational development plan brings together the Council's priorities for improvement and incorporates an action plan.
- 77 To support the organisational development plan, the Council has created a Programme Management Office, coordinated by a Programme Manager. This office will act as a main mechanism for the delivery of the plan, transformational change programme, and delivery of the work being undertaken across the range of projects and improvement plans.
- 78 Implementation of the organisational development plan has commenced and the first phase comprises two 90-day agendas which set out what the Council intends to deliver as a minimum by the end of April 2013. To help support the implementation of the plan, a programme management framework comprising three delivery boards and a series of officer-led projects have been established to deliver the organisational development plan. The boards are the:
- Commissioners' Improvement and Sustainability Board
  - Education Recovery Board appointed by the Minister for Children, Education, Lifelong Learning and Skills
  - Children's Service Improvement Board
- 79 The Council's organisational development plan is key to the improvement and sustainability phase of the intervention process and in addressing significant issues, such as: gaps in corporate capacity and capability; the financial challenge; partnership development; and improvements in education and social services.
- 80 The Council's plan has the potential to bring real benefits to the citizens of Anglesey. The Senior Leadership Team has recognised the importance of engaging staff throughout the organisation in delivering the organisational development plan and, in doing so, developing new skills and capabilities, establishing new systems and processes, and transforming previous culture.
- 81 Throughout much of last year, we have emphasised that continued improvement and long-term sustainability of the Council would be dependent on the outcome of the elections in May. The new Councillors will need to demonstrate they can exercise their powers effectively for the benefit of the people of Anglesey, by supporting and acting responsibly to planning and decision-making and not returning to the behaviours that brought about intervention.



# Appendices

## Appendix 1 Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake an annual improvement assessment, and to publish an annual improvement report, for each improvement authority in Wales. This requirement covers local councils, national parks, and fire and rescue authorities.

This report has been produced by the Wales Audit Office on behalf of the Auditor General to discharge his duties under section 24 of the Measure. The report also discharges his duties under section 19 to issue a report certifying that he has carried out an improvement assessment under section 18 and stating whether, as a result of his improvement plan audit under section 17, he believes that the authority has discharged its improvement planning duties under section 15.

Improvement authorities are under a general duty to 'make arrangements to secure continuous improvement in the exercise of [their] functions'. Improvement authorities are defined as local councils, national parks, and fire and rescue authorities.

The annual improvement assessment is the main piece of work that enables the Auditor General to fulfil his duties. The improvement assessment is informed by a forward-looking assessment of an authority's likelihood to comply with its duty to make arrangements to secure continuous improvement. It also includes a retrospective assessment of whether an authority has achieved its planned improvements in order to inform a view as to the authority's track record of improvement. This report also summarises the Auditor General's conclusions on the authority's self-assessment of its performance.

The Auditor General may also in some circumstances carry out special inspections (under section 21), which will be reported to the relevant authorities and Ministers, and which he may publish (under section 22). This published Annual Improvement Report summarises audit and assessment reports including any special inspections (under section 24).

An important ancillary activity for the Wales Audit Office is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.

## Appendix 2

### Useful information about Anglesey and the Isle of Anglesey County Council

#### The Council

The Council spends approximately £156.7 million per year (2012-13). This equates to about £2,241 per resident. In the same year, the Council also spent £21.6 million on capital items.

The average band D council tax in 2011-12 for Anglesey was £1,094.41 per year. This has increased by 4.14 per cent to £1,139.68 per year for 2012-13. 73.3 per cent of the Council's housing is in council tax bands A to D.

The Council is made up of 40 elected members who represent the community and make decisions about priorities and use of resources. The political make-up of the Council is as follows:

- 19 Original Independent
- 8 Plaid Cymru
- 5 Labour
- 3 Llais i Fôn
- 5 not affiliated

Since 1 April 2011 five Commissioners, appointed by the Minister for Social Justice and Local Government, exercised the Council's Executive function. The Commissioners were:

- Alex Aldridge, OBE
- Byron Davies, OBE
- Margaret Foster, OBE
- Mick Giannasi
- Gareth Jones

Since October 2012, three Commissioners remain in the second phase of intervention known as the 'improvement and sustainability' phase. These are: Alex Aldridge, OBE; Byron Davies OBE; and Mick Giannasi.

The Council's Chief Executive is Richard Parry Jones. He is supported by a Deputy Chief Executive, Bethan Jones, and three corporate directors: Director of Lifelong Learning – Dr Gwynne Jones; Director of Community – Gwen Carrington; and Director of Sustainable Development – Arthur Owen.

## Other information

The Assembly Member for Anglesey is:

- Ieuan Wyn Jones, Ynys Môn, Plaid Cymru

The Member of Parliament for Anglesey is:

- Albert Owen, Ynys Môn, Labour

For more information see the Council's own website at [www.anglesey.gov.uk](http://www.anglesey.gov.uk) or contact the Council at:

Isle of Anglesey County Council  
Council Offices  
Llangefni  
Anglesey  
LL77 7TW

## Appendix 3

### Appointed Auditor's Annual Audit Letter

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor and my reporting responsibilities under the Code of Audit Practice.

#### The Council complied with its responsibilities relating to financial reporting and use of resources

It is the Council's responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the accounting statements;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that I have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This Code is based on International Financial Reporting Standards. On 28 September 2012 I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of the Audit Committee in my Audit of Financial Statements report on the 25 September 2012.

The Council has made a significant amount of progress in addressing issues with producing the statement of accounts and meeting the accounts publication deadline of 30 September. The Council deserves recognition and praise for the way in which it has approached the improvements required and we would like to take this opportunity to express our appreciation for the assistance we received from officers at the Council during the course of the audit. As welcome as this is, I would additionally like to stress the importance of ensuring these improvements are sustained. At the current time senior accountancy posts continue to be filled by temporary staff. It is essential that sufficient and appropriate resources are dedicated to the production of the statutory accounts going forward in accordance with required timetables.

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed as part of the Improvement Assessment under the Local Government (Wales) Measure (2009). Overall, I am satisfied that the Council has appropriate arrangements in place. The Auditor General will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made when he publishes his Annual Improvement Report. I would like to highlight the following specific areas in this letter:

- The financial outlook for the Council remains very challenging and financial planning and monitoring arrangements are in place to identify the funding gap and facilitate the savings required. Difficult decisions will be required in the short term to secure the savings required.
- The Council has made progress during the year in the development of risk management processes and it is important that this is sustained.
- The external auditor has reported for a number of years that robust business continuity and disaster recovery plans are not in place and this continues to be the case.
- 50% of the grant claims certified by PwC in respect of 2010/11 were subject to a qualification letter (48% in 2009/10). 10% of the grant claims were submitted by the Council after the submission deadline, compared with 66% for 2009/10.
- We continue to be able to place reliance on the work of Internal Audit.

I have not issued a certificate of completion because I am considering an objection from a local elector.

The financial audit fee for 2011-12 is currently expected to be higher than the agreed fee set out in the Annual Audit Outline because of the additional work required to deal with the objection to the accounts.

Yours sincerely

**Lynn Hine (PwC LLP)**

For and on behalf of the Appointed Auditor  
29 November 2012

Local electors and others have a right to look at the Council's accounts. When the Council has finalised its accounts for the previous financial year, usually around June or July, it must advertise that they are available for people to look at. You can get copies of the accounts from the Council; you can also inspect all books, deeds, contracts, bills, vouchers and receipts relating to them for 20 working days after they are made available. You can ask the auditor questions about the accounts for the year that they are auditing. For example, you can simply tell the auditor if you think that something is wrong with the accounts or about waste and inefficiency in the way the Council runs its services. For more information see the Wales Audit Office leaflet, *Council accounts: your rights*, on our website at [www.wao.gov.uk](http://www.wao.gov.uk) or by writing to us at the address on the back of this report.

## Appendix 4

# Isle of Anglesey County Council's improvement objectives and self-assessment

### The Council's improvement objectives

The Council is required by the Welsh Government to make plans to improve its functions and the services it provides. Each year it must publish these plans along with specific 'improvement objectives' that set out the key things that the Council intends to do to improve. The Council must do this as soon as possible after 1 April each year.

The Council published its improvement objectives for 2012-13 in its *Corporate Business Plan 2012-15*, which can be found on the Council's website at [www.anglesey.gov.uk](http://www.anglesey.gov.uk). They are:

#### Improvement objectives for 2011-12

The Council published its improvement objectives for 2011-12 in its corporate business plan, which can be found on the Council's website at [www.anglesey.gov.uk](http://www.anglesey.gov.uk). The improvement objectives are grouped under four broad headings:

- Becoming More Business-like
- The Affordable Priorities Programme
- The Realisation of our Outcome Agreement
- Democratic Renewal

#### Improvement objectives for 2012-13

The Council published its improvement objectives for 2012-13 in its *Corporate Business Plan 2012-15*, which can be found on the Council's website at [www.anglesey.gov.uk](http://www.anglesey.gov.uk). The improvement objectives are grouped under four broad headings:

- Improve Children Services
- Regenerating our Communities
- Improve Corporate Governance
- Realisation of our Outcome Agreements

### The Council's self-assessment of performance

The Council's self-assessment of its performance during 2011-12 *Improvement Plan - Performance Review of 2011-12* can be found on the Council's website at <http://www.anglesey.gov.uk/council-and-democracy/governance-and-performance-/corporate-business-plan/improvement-plan-2011-2012/>.





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