



WALES **AUDIT** OFFICE
SWYDDFA **ARCHWILIO** CYMRU

Annual Improvement Report

Caerphilly County Borough Council

Issued: February 2012

Document reference: 139A2012



About the Auditor General for Wales

The Auditor General is independent of government and is appointed by Her Majesty the Queen. He leads the Wales Audit Office and is held accountable by the Public Accounts Committee of the National Assembly for the Wales Audit Office's work.

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 the majority of public money spent in Wales, including the £15 billion of funds that are voted to Wales annually by the Westminster Parliament. Nearly £5.5 billion of this funding 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.

As well as carrying out financial audit, the Auditor General's role is to examine how public bodies manage and spend public money, including achieving value in the delivery of public services. The Wales Audit Office aims to make public money count, by promoting improvement, so that people in Wales benefit from accountable, well-managed public services that offer the best possible value for money. It is also committed to identifying and spreading good practice across the Welsh public sector.

Huw Vaughan Thomas, Auditor General for Wales, was supported by Alastair McQuaid, Nick Selwyn and colleagues under the direction of Jane Holownia in conducting the Improvement Assessment and producing this report.

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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 Wales Audit Office and relevant Welsh inspectorates, this report presents a picture of improvement over the last year. The report is in three main sections, which cover the planning, delivery and evaluation of improvement by Caerphilly County Borough Council (the Council).
- 2 Overall the Auditor General has concluded **that, the Council is continuing to implement its approach to delivering better outcomes and its actions are resulting in improvements in most areas; improving its published reports would clarify for citizens how well the Council is performing.**
- 3 We found that the Council has set budgets that enable it to continue focusing on its priorities. The Council is committed to working with others to deliver improvements and is actively involved in large-scale collaborations with other councils. Sound financial planning and management are delivering savings and balanced budgets. There are areas where arrangements need strengthening and some challenges to sustaining improvement remain. The Council has maintained the same Improvement Objectives and is further developing systems to support their delivery. The Council has made good progress in delivering its Outcome Agreements which reflect Welsh Government priorities.
- 4 We also found that the Council's performance has improved in most priority areas. We based this conclusion on the following:
 - The Council continues to support vulnerable people to maintain independence and services have improved in a number of key areas.
- 5 The Auditor General is required to assess whether the Council has complied with its statutory duties under the Local Government (Wales) Measure 2009, including to:
 - The Council is helping people to develop and has increased the range of services available to learners in Caerphilly against a background of high numbers of young people not in education, employment or training (NEET).
 - The Council's performance in helping to create and maintain the area as a safe, prosperous and pleasant place is mostly good. The Council is addressing weaknesses in how carbon reduction is measured.
- 5 The Auditor General is required to assess whether the Council has complied with its statutory duties under the Local Government (Wales) Measure 2009, including to:
 - publish its plans for improvement;
 - make arrangements to secure improvement;
 - publish an assessment of its performance; and
 - have regard to statutory guidance.
- 6 The Auditor General determined that:
 - The Council has discharged its duties to publish its plans for improvement, and the Council is likely to comply with the statutory requirement to make arrangements to secure continuous improvement during this financial year.
 - The Council has discharged all of its duties in relation to publishing improvement information. The Council could improve its self-assessment by reporting more clearly on its own performance, demonstrating the impact of its activity, comparing itself with other councils, and in reporting fully on progress in relation to the things it said it would do.

- 7 Finally, the report sets out our views on the Council's own assessment and reporting of its performance and arrangements. We concluded that the Council's own account of its performance in 2010-11 shows it has achieved improvements in most areas it focused on but the information it reports is not always balanced in its presentation.

Proposals for Improvement

8 There are no formal recommendations but the following Proposals for Improvement are made to the Council to support improvement:

Proposals for improvement	
P1	Improve Welsh language provision on the Council's website.
P2	Complete outcome-based success measures for all objectives and ensure regular, clear reporting.
P3	<p>Improve self-assessment arrangements and performance reporting by:</p> <ul style="list-style-type: none"> • reporting clearly on whether the actions planned to deliver Improvement Objectives have been undertaken and whether targets for improvement have been achieved; • establishing and reporting against outcome-focused measures of success for each Improvement Objective; • presenting a balanced picture of how well the Council has performed in respect of each Improvement Objective, including reporting against all measures; • including a clear self-evaluation in its Performance Report of whether it has met or is progressing satisfactorily towards each Improvement Objective; • providing citizens with more comparative performance and benchmarking data to enable them to better judge performance; • reporting progress against targets to citizens; • report information on unit costs, activity costs, benchmarks and other financial performance measures to enhance the Council's Performance Report as well as help to identify further opportunities for savings; • evaluate and report on the impact of reduced budgets on frontline services to identify and deal with risks that emerge from disinvestment decisions; and • reporting its performance to the public in a document or documents which help citizens to understand the Council's performance more easily.

Detailed report



Introduction

- 9 This report is written on behalf of the Auditor General by staff of the Wales Audit Office and Welsh inspectorates. On [page 2](#) you can find a brief explanation of what the Auditor General does.
- 10 Under the Local Government (Wales) Measure 2009, 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. Planning for and delivering improvement does not mean that services will get better all of the time and can mean doing the same with less. [Appendix 1](#) provides more information about the Auditor General's powers and duties under the Local Government (Wales) Measure 2009. With help from Welsh inspectorates, Estyn (for education), the Welsh Language Board and the Care and Social Services Inspectorate for Wales, 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.
- 11 Throughout the report, we set out what the Council needs to do to improve its services. 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 it to do something about them and we will follow up what happens.
- 12 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 or writing to us at 24 Cathedral Road, Cardiff CF11 9LJ.

The Council is continuing to implement its approach to delivering better outcomes and its actions are resulting in improvements in most areas; improving its published reports would clarify for citizens how well the Council is performing

- 13 Our work focused on how the Council organises itself to achieve improvements, the main objectives that the Council set for itself, its progress and impact, and how it reports its performance to citizens. We do not undertake a comprehensive annual review of all Council arrangements or services. This report sets out the Auditor General's view of the performance of the Council in discharging its statutory duties under the Local Government (Wales) Measure 2009 and the specific progress that it has made in delivering against its Improvement Objectives. This view has been informed by the work of the Wales Audit Office, Estyn, the Welsh Language Board and the Care and Social Services Inspectorate Wales. The conclusions in this report are based on our cumulative and shared knowledge and the findings of the prioritised work undertaken this year.
- 14 In addition to having effective arrangements in place to plan for and deliver improvement, it is important that the Council has a good understanding of the extent of progress and improvement it is making. We found that the Council is generally good at monitoring its own performance and is revising its measures of success to better demonstrate the impact of its work on citizens and communities in Caerphilly. A challenge for the Council, in common with other Welsh councils, is to make sure that in focusing on the arrangements for future improvement and ensuring delivery against specified objectives it does not lose sight of the need to maintain 'business as usual'.
- 15 In August 2011, the Auditor General issued a *Corporate Assessment Update* letter to the Council. The letter commented on developments since the previous reports and concluded that the Council has set budgets that enable it to continue focusing on its priorities and is committed to working with others to deliver improvements. There are areas where arrangements need strengthening and some challenges to sustaining improvement. We reached this overall conclusion because:
- The Council remains focused on its established priorities following recent changes in political and managerial leadership. Major financial and service decisions have been made, although further work is required to align service delivery plans with Council priorities.
 - Sound financial planning and management are delivering savings and balanced budgets.
 - The Council's continuing commitment to working together with others is encouraging new ways of planning and delivering services, including integrating social services with Blaenau Gwent County Borough Council. Arrangements for ensuring good governance of collaborations and robust evaluation of their impact need greater clarity and further development.
 - Performance information is generally accurate but the Council is not yet able to evaluate its impact consistently. Key information on costs and comparisons with internal and external standards is not widely available in order to support effective self-assessment of performance, public reporting and accountability.

- A serious case review of health and social care services undertaken by Healthcare Inspectorate Wales, reported in June 2011, found that management practices in some areas of care services are not always robust and identified that information sharing between services, after-care planning and risk management procedures needed to be strengthened. The Council and Aneurin Bevan Health Board are taking action in response to the report's recommendations.
- 16 The Auditor General has determined that the Council has discharged its duties under the Local Government (Wales) Measure 2009 to publish its plans for improvement, and that the Council is likely to comply with the statutory requirement to make arrangements to secure continuous improvement during this financial year.
- 17 The Council has accepted all of the areas for improvement we identified in our previous reports. It has made some progress against most of them although it has yet to make progress developing minimum service standards. Where actions are ongoing, we will continue to monitor and report on the progress made by the Council in implementing them. The Council's progress against all priorities for improvement to date is summarised in [Appendix 5](#).

The Council has maintained the same Improvement Objectives and is further developing arrangements to support their delivery

- 18 The Council has set out a clear rationale for selecting the areas it is focusing on improving, based on its current performance, public consultation and available resources. Its eight Improvement Objectives reflect the 13 overarching priorities in the corporate plan 2009-2012, *Building Better Communities*, which in turn, links to the Community Strategy, developed with Local Service Board partners. Action is underway to strengthen the links between the plans for delivering the Council's Improvement Objectives and the individual service plans.
- 19 A Welsh language version and other formats are available from the Council on request and the Council summarised the Improvement Objectives in its newsletter to citizens, published in September. The Council needs to have greater regard to aspects of statutory guidance in order to develop its Improvement Plan in several areas, which we have identified as proposals for improvement.
- 20 The Council has clearly stated its Improvement Objectives in relation to the Council's priorities, along with measures of success, current performance where available, targets set and relevant actions. However, all of these were not included in the Council's report of its performance in 2010-11 in relation to its Improvement Objectives. The Council recognises that its current performance indicators do not consistently enable it to measure the impact it is having for citizens. It has made some progress in developing new measures since setting its first Improvement Objectives in autumn 2010. The Council's Improvement Objectives are listed in [Appendix 4](#).
- The Council is in the process of finalising a medium-term financial plan to ensure that it can target its financial resources at its improvement priorities for the three years to 2014-15**
- 21 Like all councils in Wales, the Council needs to reduce its revenue spending. Over the period to 2014-15, it needs to make £9.6 million of cash savings. The Council is currently revising its medium-term financial plan to highlight areas where savings need to be made and has established a track record of identifying savings in advance of the financial year in which they need to be realised. It has also updated the previous plan assumptions to reflect recent changes in Welsh Government revenue funding. We understand that all of these savings have been identified with specific schemes other than £0.4 million which remains a target to be achieved through vacancy management. This position enabled the Council to avoid increasing Council Tax for 2011-12 and it is proposing the same for 2012-13.
- 22 Capital funding from the Welsh Government is also reducing. The Council has identified a funding gap of approximately £13 million by 2014-15, between the Council's expenditure plans and the funding available from the Welsh Government. The Council intends to use accumulated savings made in previous years to bridge this gap through revenue to capital contributions. Ensuring sufficient resources are available to support future capital programmes presents significant challenges for the Council especially in delivering its plans for modernising school buildings.

23 In December 2011, the Council received notification that the Welsh Government had approved a budget of £92 million under the *21st Century Schools* initiative. Of this, the Welsh Government will provide funding of £46 million and the Council will need to match this funding. Of the £46 million of funding required from the Council, it has identified £14 million which is currently available to it and proposes to fund the balance from future capital receipts. The programme is designed to commence in 2014, but the Council is seeking to start earlier than this.

24 The auditor appointed by the Auditor General recently gave his opinion on the Council's accounts and concluded that the financial statements were satisfactory. [Appendix 3](#) gives more detail.

The Council's approach to engaging with the public is improving and there are plans in place to enable citizens to help shape future services in local communities

25 Effective public engagement invites citizens to get involved in deliberation, dialogue and action on how services are delivered and which services need to be prioritised for improvement. The Wales Audit Office's Improvement Assessment work in 2010 highlighted public engagement as a significant issue in most local authorities. As a result, it has been the subject of an all-Wales study reviewing public engagement across local government.

26 Our review found that the Council is committed to effective public engagement. Communication channels are in place to keep the public informed and progress is being made in developing community involvement in decision making. There are

some examples of good practice in public engagement contributing to service design and good governance arrangements but is too early to assess the impact of these. Useful information is collected in consultation exercises but analysis of data and provision of feedback to participants could be improved.

The Council has established a sound technology infrastructure, and is effectively using technology to transform services and achieve efficiencies. Strategic planning and decision-making arrangements for technology could be improved

27 Effective use of technology is essential for transforming the delivery of public services, improving outcomes for citizens and delivering efficiency savings. Technology can support different ways of working, delivering services and engaging with citizens, enabling councils to deliver more for less. The way in which technology is delivered and managed has a direct impact on the efficiency, effectiveness and quality of work undertaken across a council and affects almost every council worker. Poor information and communication technology (ICT) governance can lead to the use of inappropriate systems, system unavailability and frustration throughout an organisation.

28 In 2010, the Wales Audit Office identified that many local authorities were struggling with ensuring technology was used effectively to support service transformation and achieve efficiency savings, and as a result, reviews of technology have been undertaken at all councils in Wales. Our review of the Council's ICT services identified that the current arrangements for developing, using and supporting technology are likely to support continuous

improvement. Arrangements are sound, but the Council needs to ensure technology plans support the delivery of the Council's improvement priorities and encourage open and transparent decision making in respect of technology. There is scope for further improvement through better use of performance information.

The Council is intending to ballot its tenants in early 2012 on whether to transfer the housing stock to enable it to achieve the Welsh Housing Quality Standard

- 29 The Welsh Government expects all social landlords in Wales to devise realistic programmes for bringing their properties up to the Welsh Housing Quality Standard (WHQS) by 2012. The WHQS has been developed to provide a common target for the physical condition of all housing in Wales and consists of seven parts. Parts one to four relate to the physical condition of the home; part five relates to the quality of the housing management service; and parts six and seven relate to the home's environment and its suitability for the individual needs of occupants.
- 30 The Council's stock condition survey has shown that the Council needs to spend £173 million to bring its homes up to the WHQS but, as things stand, it only has £115 million available. The Council took the decision to ballot its tenants on transferring the housing stock and is currently consulting them on a proposal to transfer their homes to Castell Mynydd, a new, independent Community Housing Mutual, which would own and manage their homes if the transfer goes ahead. By transferring

the housing stock the new landlord will be able to raise private finance to invest in improving the properties. This option is not open to councils to pursue.

- 31 A Council meeting on 17 November 2011 agreed the additional information to the Offer Document which is to be issued to all tenants as part of the housing transfer process. The additional information gives details of the Council's ability to meet WHQS by 2019-20. This additional information was sent to tenants by the end of November 2011 and a new period of consultation started in early December 2011 which will extend to 9 January 2012. The outcome of the consultation will be reported to the Council and a decision made whether to proceed to the ballot. The ballot is expected to take place between mid January and mid February 2012.

The Council has a good record of working in collaboration with partners and stakeholders to plan and deliver services

- 32 The Council has a good track record of collaboration. The Council is integrating its social care services with Blaenau Gwent County Borough Council. This involves 3,000 staff and a revenue budget of £107 million. The Council is collaborating with a range of organisations to deliver improvements for citizens in Caerphilly. For example, major programmes of work such as the *Gwent Frailty Programme*¹ and the South East Wales Regional Collaboration² demonstrate a commitment to collaboration which is remodelling how services are provided to many citizens and stakeholders. These projects represent major

¹ The *Gwent Frailty Programme* is a partnership between Aneurin Bevan Health Board and Torfaen, Blaenau Gwent, Caerphilly, Monmouthshire and Newport councils designed to deliver integrated services to vulnerable people.

² The South East Wales Consortium consists of Blaenau Gwent, Caerphilly, Monmouthshire, Newport and Torfaen local education authorities. The Consortium is developing collaborative approaches to improving school performance and supporting professional development of education staff.

programmes of change in how the Council organises its work. The Council is also working through Prosiect Gwyrdd³, a waste management project with Monmouthshire County Council, the City and County of Cardiff, Newport City Council and Vale of Glamorgan Council.

The Welsh Language Board praised the Council's work with the Children and Young People's Partnership. It identified some areas for improvement in how the Council meets its statutory obligation with regard to the Welsh Language Act

- 33 The Welsh Language Board works with councils to help them develop their statutory Welsh language schemes which outline how they provide services to the public in Welsh. The primary responsibility for the range and standard of services rests with the councils who provide them, working in accordance with the statutory framework and guidelines of the Welsh Language Board. Every council is expected to provide the Welsh Language Board with an Annual Monitoring Report explaining how its scheme has been implemented. This report allows the Board to offer advice as to how a council might improve its local arrangements. The Board also undertakes its own reviews to assess the provision of Welsh language services and to promote improvement.
- 34 The Welsh Language Board praised the Council for its constructive work with the Children and Young People's Partnership. The Board found that the Council had achieved some improvement in its provision of electoral information in Welsh, but some issues remained, mainly in relation to the Council's website. A lack of progress with

Welsh language provision on the website has been a concern for the Board and the Council is aware of the need for improvement. The Council was praised for its work in improving the data it held on Welsh language skills for the purpose of workforce planning. The Board also noted improvements in the process of considering Welsh language issues in contracting out services.

³ Prosiect Gwyrdd is a partnership between Caerphilly Borough County Council, The County Council of the City and County of Cardiff, Monmouthshire County Council, Newport Council and Vale of Glamorgan Council.

The Council's performance has improved in most priority areas

35 This part of the report sets out how well the Council is improving its services. It reflects the views of the Care and Social Services Inspectorate in Wales in relation to adult and children's services and Estyn in relation to education, and draws upon our own reviews of the Council's performance against some of the specific Improvement Objectives the Council set itself to achieve during 2010-11.

The Council continues to support vulnerable people to maintain independence and services have improved in a number of key areas

Social services in Caerphilly have significant strengths and managers are aware of aspects that require improvement

36 The role of the Care and Social Services Inspectorate in Wales is to make professional assessments and judgements about social care, early years and social services and so encourage improvement by the service providers. Under new legislation there is a new framework in place for local authority social services inspection, evaluation and review. Directors of social services are required to produce an annual self-assessment report on how well services are being delivered. The Care and Social Services Inspectorate in Wales undertook two brief inspections in Caerphilly in 2010, and supported Health Inspectorate Wales on a homicide review. All fieldwork took place between August and November 2010.

37 One inspection was in response to the independent management review commissioned by the Council following a serious case review, and a follow-up

examination of the Children's Services Safeguarding Service. The other was a follow-up to the 2008 focused review, where assessment and care management for Learning Disability Services for adults had been identified as an area for improvement. Both inspections found improved services, with strengths and further plans for continuous improvement. Social services incorporated the inspection findings into their action plans for improvement.

38 The Council works hard to continuously improve and to set standards, and has been particularly good at using the knowledge and experience of managers and staff working directly with people who use services to identify areas for improvement. Managers and staff at all levels demonstrate a thoughtful, problem-solving approach, and work to deliver better performance in a timely and well-organised way.

39 The Director's report emphasises that its core values of Choice, Dignity, Respect and Rights, drive its interventions with and support to people who use or need services. Evidence from the Care and Social Services Inspectorate in Wales' inspections in both Adult and Children's Services supports this assertion. Although increasing demand has stretched services, for example assessment for adults, for the most part, performance has been maintained or improved. Sustaining this level of performance in the face of decreasing resources will be a significant test for the Council going forward, particularly in light of anticipated increases in demand.

- 40 People coming to the Care and Social Services Inspectorate in Wales for advice have identified occasions when the Council's own standards have not been met. Senior managers demonstrate an energetic approach to putting matters right when this happens, often working with partners to do so.
- 41 Budget constraints have been carefully managed so that they have not adversely affected services, and senior managers are confident that they will be able to maintain this situation for the next three years. Social services' main office relocated in 2010 to the Council's headquarters, saving £500,000 per year, while ensuring that frontline services remained unaffected. The move has also supported closer working relationships with other directorates. Social Services have identified areas where savings can be made while protecting the quality of services including collaboration with Blaenau Gwent County Borough Council to deliver social services and the roll-out of the *Gwent Frailty Programme*.
- 42 Given the risks and challenges and the central importance that the *Gwent Frailty Programme* has in modernising and transforming health and social services for frail people in Gwent, the Wales Audit Office is proposing to undertake an initial review of the arrangements for implementation of the Programme. The focus of the audit work will be to provide early assurance that the Programme is set up and working in a way which is likely to achieve the aims and outcomes which have been identified and the conclusions will be reported in our next Corporate Assessment.

A homicide review identified that there were significant failings in some inter-agency arrangements

- 43 The work with Health Inspectorate Wales resulted in a report published in June 2011 which stated that support to a vulnerable and volatile individual was poorly focused and uncoordinated between social care and health services. It emphasised the importance of good joint working for effective assessment and care planning. Although the homicide took place in 2009, the examination took place in November 2010 and the report was published in 2011. The findings of the review are pertinent for the reporting year so have been highlighted in this year's *Annual Review and Evaluation of Performance* by the Care and Social Services Inspectorate in Wales which made recommendations for both the Council and Aneurin Bevan Health Board to address.

A higher proportion of households in Caerphilly receive housing benefit than the average for Wales and processing times are close to average levels

- 44 Housing and council tax benefit teams contribute to positive outcomes for citizens in a number of areas including child poverty, homelessness, worklessness and support for people with disabilities. In doing so, they also assist the Council in achieving a range of Improvement Objectives. Effective benefit services enable fairer access to decent homes, which in turn helps address health issues. Poorly performing benefit services can put barriers in the way of people returning to paid employment, prevent financial help getting to those who need it, and cause additional hardship.

45 In 2009, 19.4 per cent of households within Caerphilly were in receipt of housing benefit, higher than the Welsh average of 17.5 per cent. There were 27.5 per cent of households in Caerphilly receiving council tax benefits compared with a Welsh average of 23.9 per cent (both of these place Caerphilly towards the higher end of claimant numbers compared with other councils in Wales). Caerphilly's 'benefit age' population (ie, those that could become claimants) in May 2011 was fifth in Wales (where first equals highest). Its caseload at that time was similarly placed as the fourth highest council in Wales.

46 The caseload in Caerphilly, at May 2011 (latest available), has increased since April 2009 (ie, over the last two years) by just under four per cent compared with a Welsh average of seven per cent for the same period. The number of recipients of housing benefit has increased since April 2009 by just over eight per cent and just over four per cent for council tax benefits. Both of these increases are broadly in line with the Wales average increases for the period of eight per cent for housing benefit recipients and five per cent for council tax benefit recipients, indicating that although more people across Caerphilly have been claiming in the last two years it has not seen the same level of increase as some other councils.

47 Overall, during 2010-11, the time taken to process new claims was 25 days. This is slightly slower than the UK and Welsh average of 23 days for the same period. Performance has remained relatively stable since 2008-09 and Caerphilly has not seen the deterioration in processing new claims experienced by some councils in the UK.

The time taken to process change in circumstances notifications is seven days. This compares well with a UK average of 10 days and is in line with the Welsh average of seven days for the same period. This means that the deterioration in performance seen in some councils when compared to the UK and Welsh averages was not as great in Caerphilly.

48 The Wales Audit Office Overpayment report (July 2010) concluded that Caerphilly has satisfactory arrangements in place to prevent overpaying benefit and is good at identifying overpaid benefit. The overall level of overpayments classified as council error is well managed and during 2009-10 no subsidy was lost.

Progress in reviewing how the Council manages complaints and uses customer feedback to improve services has been slow

49 An important priority for the Council has been to improve how it engages with citizens and uses feedback to improve services. For 2010-11, the Council set three targets to deliver this priority focusing on: improving and reducing complaints; finding out what citizens want and delivering it; and improving information flows and reducing cost.

50 We evaluated services to determine what improvements have been delivered for citizens. With regard to the broad actions identified to be delivered in 2010-11 the Council's performance is mixed. Progress on reviewing and implementing a new complaints policy has been slow and a number of the actions set for 2010-11 have not been delivered at all; for example, a review of the complaints policy. Likewise a number of the actions around improving

how the Council engages with the public have not been advanced and will be addressed as part of the Public Engagement Strategy action plan which is currently being adopted. Other services were not delivered in 2010-11 but have subsequently gone live in 2011-12; examples are the Tell Us Once and Nationality Checking Service. Overall, performance against delivering these actions has been slow and delayed until 2011-12.

51 The Council set eight indicators in 2010-11 to judge whether it has been successful in delivering this Improvement Objective. Performance against these indicators shows that there has been some improvement. In addition, the Council has widened out its information base to include a range of new indicators to enable it to better judge how well it is doing in the future, although currently the Council does not report performance against a number of these.

52 One good source of information to judge how well councils handle complaints is information from the Public Services Ombudsman for Wales (the Ombudsman). In his most recent annual letter to the Council for 2010-11, the Ombudsman noted that there has been an overall reduction in the number of complaints received and investigated in Caerphilly during the past year and an increase in the number of informal settlements. The number of complaints received by the Ombudsman regarding the Council marginally increased between 2009-10 and 2010-11, rising from 47 to 54. However, the number of complaints taken into investigation fell from 18 to three.

53 In last year's *Annual Improvement Report* we noted that the Council had not included baseline information in its Improvement Plan to be able to judge improvement against Improvement Objectives in terms of reducing costs. The Council's Performance Report includes information outlining several approaches that have been implemented to promote the use of low-cost channels such as the Looking Local Service, promotion of direct debit transactions and use of PayPal cards. However, as with last year, no information is included setting out how much these alternative options cost, what savings have been produced or what the impact on customers is. Without this information, it is not possible for the Council to show what improvements have resulted from its actions and whether costs have been reduced.

Agencies and partners are working well together to safeguard children and young people although some priority targets have been delayed and some measures not fully reported

54 For 2010-11 and 2011-12, the Council is focusing its activity on delivering two specific initiatives to improve how agencies and partners work together to safeguard children and young people. These are:

- to develop and implement a Children's Services Family Support Strategy to provide a more holistic approach to support; and
- to develop with the Children and Young People's Partnership a 'Team Around the Child' – which is now called the Team Around the Family project – to support those with emerging needs.

55 A Family Support Strategy has been drafted and is currently being consulted on with partners. With regard to the Council's 'Team Around the Family' initiative, a pilot project went live in November 2010 and is being fully rolled out across all communities in Caerphilly. Overall, the Council has made good progress in delivering the actions it set itself although some of the individual actions have not been fully progressed, the pooling of resources with other agencies for example. The Council does not anticipate being in a position to fully implement the Team Around the Family project until 2013.

56 The Council's performance on the measures of success it set itself is varied. Key indicators such as the number of children on the Child Protection Register show an increase from 820 to 877 between 2009-10 and 2010-11, and the Council has set a target to reduce this in 2011-12 to 868. Conversely, the total number of open cases of children looked after, marginally fell in the same period from 1,330 to 1,326.

57 However, a number of indicators set in 2010-11 are not reported in the Council's Performance Report including important measures such as the number of open cases of children on the Child Protection Register and the number of open cases of children looked after with allocated social workers. These are useful measures that enable an assessment of how well the Council is managing this important area of work.

58 New indicators have also been included for 2011-12 which focus on being able to better judge the impact of the Team Around the Family project. These include qualitative outcome measures such as the percentage

of children, young people, parents and carers who feel Team Around the Family has made a positive difference to them. By introducing such measures, the Council will be able to better evaluate whether it is making a difference for people.

59 In our *Annual Improvement Report* last year we noted that the Council was proposing to undertake consultation with service users on their experience and views on how well their needs have been met and stated we would review this aspect of performance. The Council's Performance Report identifies that an evaluation of the Team Around the Family model has not been completed and is currently in the process of being carried out involving feedback from professionals and service users, using questionnaires, interviews and focus groups.

Good progress has been made in promoting the benefits of healthy and active lifestyle and the Council has identified the need to develop measurements to better judge the beneficial impact of this work

60 A focus on promoting a healthy and active lifestyle is particularly salient in Caerphilly where citizens record some of the poorest health in Wales. The recent Public Health Wales publication⁴ highlights that whilst life expectancy in Caerphilly, as in Wales in general, is increasing this improvement is not experienced equally across all areas. There are in many cases substantial national and local inequality gaps between the most and least deprived areas in both life expectancy and deaths from different causes. There are also inequalities in the quality of life in terms of healthy life expectancy and disability-free life expectancy. For example, the gap in life

4 *Trends in mortality and life expectancy in Caerphilly, Public Health Wales, 2011*

- expectancy in males between the most and least deprived wards in Caerphilly is nearly nine years. When considering healthy life expectancy the gap is even greater at around 19 years.
- 61 Caerphilly also records the third worst death rate from cancer for males under 65 in Wales; the third worst rate in Wales for people being overweight and obese; and the second worst statistics for self-rated mental health and well-being in Wales. Public sector agencies therefore have some significant challenges to address in improving the health and well-being of the County's citizens.
- 62 In 2010-11, the Council focused its Improvement Objective on increasing participation in leisure and sports activities and improving education and communication through the delivery of several programmes. By increasing numbers participating in such schemes, the Council anticipates that there will be an improvement in health indicators and life expectancy over time.
- 63 There has been good progress in 2010-11 in delivering these schemes and there is evidence of increased take-up under initiatives such as the *Healthy Schools Programme*, the Healthy Early Years Scheme and the Referral to Exercise Programme. For example, the number of schools participating in the *Healthy Schools Programme* has increased from nine in 2009-10 to 22 in 2010-11. Likewise, the number of people attending the referral to exercise programme increased from 647 to 1,015 in the same period.
- 64 As noted in our Annual Improvement Report last year, the impact of the Council's activity on increasing participation rates on improving health indicators such as obesity and diabetes will not be available in the short-term. Consequently, the benefits of the Council promoting active and healthy lifestyles will not be seen for some time. Positively the Council's Performance Report includes information on some of the challenges it faces which places the importance of this Improvement Objective in context.
- 65 Officers are aware of the need to ensure that they focus on reporting the outcome of activity and not just measuring how much they are doing. Work is underway to develop such measures as part of the Creating an Active Caerphilly action plan, the Council's response to the Welsh Government's *Climbing Higher, Creating an Active Wales* strategy. However, some of the gaps we identified last year remain. For example, alcohol misuse which has been identified locally by the Health, Social Care and Well-being Strategy Needs Assessment as an important area to tackle⁵.
- The timeliness and number of care assessments completed has improved significantly but the Council does not yet measure whether anyone is better off**
- 66 In 2010-11, the Council specifically looked at improving the timeliness and quality of clients' needs assessments under its care planning system. This is an important area of work as the assessment determines whether a person needs a community care service and, if they do, what type of services are needed. A wide range of services could be needed, from aids and

⁵ *Health, Social Care and Well-being Strategy Needs Assessment*, Caerphilly County Borough, 2010 identifies alcohol misuse as one of the main areas to be focused on in addressing health inequalities.

adaptations in the person's own home to care workers or residential care, as well as supporting people to move from hospital to more independent settings.

- 67 The Council is proposing to improve both the number of care assessments completed and speed up the time it takes to complete assessments. Importantly, it also focuses on improving the quality of services through effective internal assurance and care management systems that promote better standards of care and the quality of life.
- 68 The Council's Performance Report records significant improvements in the last year. The number of adults waiting for an assessment outside of the timescale has reduced from 338 in 2008-09 to 62 in 2010-11, and the percentage of assessments started on time increased from 65.3 per cent to 71.9 per cent in the same period. This tells us that the Council has improved its performance and reduced the length of time people wait for an assessment. The Council also performs very well on these measures in comparison to other Welsh authorities. For example, 67 per cent of the adult social care performance measures are above the Welsh average and three measures out of nine rank the Council as the best performing in Wales.
- 69 The Council is seeking to deliver some good outcomes for vulnerable people by promoting better standards of care and improved quality of life.
- 70 In our report to the Council last year, we noted that the Council should include measures that looked at the outcome of its work and how it had benefited vulnerable adults to lead full, active and independent

lives. We highlighted that some appropriate measures that could be used, such as reductions in delayed transfers of care, were not being reported and this remains the case, particularly as one of the reasons for delayed transfers in Gwent is due to delays in assessments or arrangements for social care⁶. However, many of the performance indicators used to judge success still focus on measuring the process rather than the benefits to individuals.

- 71 Using information published as part of the Welsh Government's performance management framework for adult social care services, the Council's performance on delayed transfers improved between 2006-07 and 2010-11, falling from a rate of 14.53 per 1,000 for those aged over 75 to 8.95 per 1,000. Nevertheless, this figure is higher than the Welsh average of 5.76 per 1,000 in 2010-11 and the Council has consistently been ranked as the one of the poorer performers in Wales.

The Council is helping people to develop and has increased the range of services available to learners in Caerphilly against a background of a high number of young people not in education, employment or training

- 72 Estyn, Her Majesty's Inspectorate of Education and Training in Wales, inspects how well councils are helping children and young people develop their skills. Estyn has a regular programme of inspections of pre-school services such as nurseries, schools, colleges and youth services. We work with Estyn to assess how well the Council

⁶ *Tackling delayed transfers of care across the whole system - Gwent health and social care community, Wales Audit Office, November 2007.*

- supports all these services to help children and young people develop.
- 73 When a range of contextual information is taken into account, the performance of pupils in Caerphilly in 2011 is good in Key Stages⁷ one and two. However, performance is below average in key stage three and average overall in Key Stage four. In 2010, Caerphilly met or exceeded two of the three Welsh Government benchmarks for performance in Key Stages three and four, based on entitlement to free-school-meals; this was an improvement on previous years. Benchmark information for 2011 is not yet available.
- 74 When contextual information is taken into account, attendance in secondary schools is just above average. Attendance decreased slightly in the primary sector in 2011 but remains above average. In general, the rate of exclusions from schools and the number of days lost by pupils due to fixed-term exclusions improved in 2010. However, the numbers of days pupils lose due to exclusions of six days or more remains high.
- 75 As noted in our *Annual Improvement Report* last year, improving educational attainment is a key priority for the Council. In particular, the Council wants to ensure young people achieve a good level of education and possess the relevant skills to have better life chances with opportunities to secure better jobs. There are some real challenges to delivering improvements in this area with the decrease in employment opportunities, national funding cut backs, poor language and numeracy skills resulting in low achievement and economic inactivity.
- 76 Our review of progress in 2010-11 highlights that the Council has delivered its major policy programme, to develop and adopt a holistic skills strategy. This was produced in the last financial year and was drawn up with stakeholders and partners and communicated to all schools. The skills strategy provides a Caerphilly-wide approach that increases the range of learning opportunities available for young people and covers languages, literacy, numeracy and technology. In addition, the number of courses available to young people has increased from 27 to 30 and the Council has increased the number of learning coaches, with 121 in post by the end of 2010-11.
- 77 Whilst this shows good progress in delivering the range of actions that were set, on the key measure of success the Council set its performance is mixed. Key performance indicators such as the percentage of pupils achieving the Level 2 threshold in English, Welsh and Mathematics have improved. However, with regard to school leavers known to be NEETs, the number increased in the last year from five per cent to six per cent. This performance places the Council above the Welsh average of 5.4 per cent and ranked fifteenth out of 22. In the current economic climate, all councils face challenges in tackling the issue of NEETs. However, in comparative terms, of the 22 councils in Wales 17 recorded a reduction or stood still in 2010 and Caerphilly was one of only five councils that recorded an increase in the number of NEETs. The Council also recorded the third highest proportion of benefit claimants aged 16 to 24 at the end of 2010 of all Welsh councils.

⁷ A Key Stage is a stage of the state education system in setting the educational knowledge expected of students. The precise definition of each of the main four Key Stages is age-related, incorporating all pupils of a particular age at the beginning of each academic year.

The Council's performance in helping to create and maintain the area as a safe, prosperous and pleasant place is mostly good. The Council is addressing weaknesses in how carbon reduction is measured

The Council has continued to deliver projects that support people into work against a background of rising unemployment and the ending of national job creation and training schemes

- 78 Increasing employment is an appropriate and important activity for the Council to focus on in the current economic climate. In 2010-11, the Council prioritised delivery of two broad programmes of work focused on supporting businesses, particularly small and medium-sized businesses, and helping to increase employment opportunities through programmes that help provide adults and young people with the necessary skills and education to obtain employment.
- 79 Our review of progress against the Council's Improvement Objective found that broad actions have been delivered and progress has been made in most areas. For example, the Local Investment Fund has seen an increase in grant allocations to small and medium-sized businesses and there has been an increase in the numbers participating in the *Genesis II*⁸ and *Bridges into Work*⁹ initiatives.
- 80 The Council anticipates that it will face significant challenges in increasing employment and protecting existing jobs. A number of current national funding programmes are terminating and it is not

clear whether there will be new initiatives to replace these, and if so, what their anticipated impact will be. In last year's *Annual Improvement Report*, we noted that the Council was specifically aiming to target activity on particular difficult employment groups such as lone parents and over 50s. These are groups which benefited from the national programmes and local work of the Council ended in September 2011 and it not clear how these target groups will be supported in the future.

- 81 Unemployment in Wales has risen in recent years and stood at 137,000 at the end of November 2011¹⁰. Within Caerphilly, the number of people unemployed and claiming Job Seekers Allowance has also significantly increased and at the end of November 2011 stood at 5,728, an increase of 602 from November 2010 and the fourth highest rate in Wales. Unemployment in Caerphilly remains well above the Welsh and UK averages. Whilst some activity has clearly benefited some people, the impact of the recession highlights that more people are now unemployed and claiming Job Seekers Allowance in Caerphilly than last year and comparatively the Council faces a greater challenge to deliver improvements than most councils in Wales.

The Council has a good strategic approach to carbon management and sustainability; however it is not clear if the Council's carbon footprint decreased significantly last year

- 82 The Council's long-term aim is to deliver better services for residents whilst reducing the organisation's resource consumption. In this regard, sustainability is directly and inextricably linked with business efficiency.

8 A project focused on addressing barriers to people securing employment.

9 *The Bridges into Work* initiative is a joint venture between six councils in South East Wales which provides unemployed people and companies with the opportunity for retraining or improving skills.

10 Key Economic Statistics, StatsWales, 16 December 2011.

We reviewed progress in delivering the actions planned for 2010-11 and assessed whether the Council had made good progress in meeting its improvement priorities in this area.

83 The Council has established a number of strategies and policy documents which map out its aspirations around carbon management and sustainability. The Council has also established a number of groups to manage its activities and co-ordinate delivery of its key actions, including a Sustainability Advisory Panel and a Carbon and Water Management Group.

84 We believe this is a sound approach to managing delivery of this important area of work. The Council could usefully review the groups' respective responsibilities and broaden their remit to include other key areas currently not captured within the Carbon Management Strategy, such as procurement, transportation and waste. Given that waste and recycling is a critical part of carbon management and sustainability, currently there is a missed opportunity to link these aspects together.

85 However, despite this very positive action it is not always clear if these activities are leading to actual improvement in achieving the targets the Council set itself. The current performance figures around carbon management suggest that performance is getting worse. For example:

- The Council reported a significant fall in performance for the percentage reduction in carbon dioxide (CO₂) emissions in the non domestic building stock. Carbon dioxide emissions fell by 33 per cent in 2009-10 and increased by 14.17 per cent in 2010-11. The Council

has identified that these figures are not correct and it is currently undertaking work to understand its true performance in this area.

- The Council also reported that its annual average carbon emission savings (tonnes of CO₂) from Council buildings fell from 317 to 301 between 2009-10 and 2010-11. However, the Council needs to ensure that these figures are consistent with those reported for the relevant National Strategic Indicator and to other external bodies such as in its Carbon Reduction Commitment report to the Environment Agency.

86 The Council presently has few measures at this time which demonstrate the positive impact of its work and show how carbon emissions are effectively being reduced in most areas of its operation and work. The Council only reports on the CO₂ performance of buildings. Whilst the Council reports on its performance against the National Strategic Indicator on CO₂ in a separate section in its Performance Report, it does not use this indicator to measure performance when assessing its performance against the specific Improvement Objective on carbon reduction. This suggests an inconsistency in how the Council uses the available data to manage and assess how well it is performing in this area.

Recorded crime and anti-social behaviour has fallen

87 The Council aims to address issues of anti-social behaviour and community safety across Caerphilly. Working in partnership with a range of stakeholders through the Community Safety Partnership, the Council

identified a set of priorities to focus on in 2010-11. These included developing a network of community volunteers such as Neighbourhood Watch Committees to address environmental nuisance issues, and using Community Safety Wardens to patrol and respond to issues of concern reported by citizens. Other areas include improving how partners work together and promoting more effective communication with the public on community safety matters.

88 Our review of performance in relation to the Council's Improvement Objective found that overall the Council has made good progress in delivering its community safety priorities. Many of the actions set for 2010-11 have been progressed and services have identified the areas for future improvement going forward. For 2010-11, Caerphilly is also showing improving performance against crime, detections and anti-social behaviour. For example:

- reported crime fell by 11.5 per cent between 2009-10 and 2010-11;
- detection rates have increased to 32.8 per cent against 29.9 per cent for the same period last year; and
- incidences of anti-social behaviour are down 30.2 per cent compared to the same period last year.

89 The Council faces some significant challenges in the future with the impact of reduced funding, resource constraints and the challenges of partnership working with changing priorities. These will need to be carefully managed in progressing activity in the future.

The Council has developed a detailed approach to evaluating improvement in services but it does not always present a balanced view of its performance

The Council's self-assessment of its performance is detailed but not always clear

- 90 The Council's review of its performance in delivering the Improvement Objectives it set for 2010-11 has been published in two separate documents. In June 2011, the Council published its forward-facing plan that set out its Improvement Objectives for 2011-12. This was supported by a separate document detailing progress against the 2010-11 Improvement Objectives. In October 2011, the Council published its Improvement Plan which contains details on its performance against all the Council's 13 corporate priorities and the eight Improvement Objectives set in 2010-11, although in less detail than the June 2011 publication. These two documents collectively represent the Council's self-assessment of its performance during 2010-11 (the Performance Report).
- 91 The Council's Performance Report can be provided in Welsh and other formats on request and is available to download from the Council's website. A public statement on the Council's Improvement Objectives was included in the October 2011 edition of its community magazine *Newsline*. In addition, a separate 14-page public summary has also been produced. This provides a brief synopsis of progress by the Council in delivering its 13 corporate priorities. Reference is made to the Improvement Objectives but it does not include a detailed analysis summarising progress in delivering them. Both the full and summary Performance Report include a section for citizens who want more information or wish to get involved in the future.
- 92 It is reasonable, particularly in the current climate, to expect councils to give an account of their financial performance in their Performance Report, reporting how much they spend in service areas, whether they are achieving planned savings and including cost comparisons. Setting out the impact in some areas of increasing demand pressures combined with reducing external funding would also help to manage public expectations.
- 93 The Council's Performance Report includes a financial summary with a breakdown of sources of funding and spending in service areas. A link is provided to further information. The Council has a priority to deliver value-for-money public services and identifies that there were no directorate overspends in 2010-11. The Report sets out the Council's approach to making savings in response to the financial climate and reports some savings achieved. Reductions in external funding and demand pressures (and reductions) are identified in sections on specific priorities and some information about savings and investments; particularly from grant funding is included. This section of the Council's Report could be enhanced by including comparative information on costs, which would also help the Council to identify opportunities for savings.
- 94 We found the publication of different documents providing information about the Council's performance makes it difficult for citizens to read and to understand. For example, there are some areas within the 2010-11 Improvement Objectives which are not clearly reported on in the 2011-12 update but it is unclear whether this is because the priorities for improvement have changed; have not been achieved; or are

not measured. The June and October publications overlap, meaning there is duplication in some areas but also some differences. These documents should be better aligned or combined to ensure consistency between them and avoid duplication.

95 Nevertheless, the Council's Performance Report contains a useful commentary on the performance of the Council and fulfils the Council's statutory duty to report on its performance. However, the lack of an overall evaluative statement against each of the Improvement Objectives weakens the overall effectiveness and balance of the Report. Some evidence sources are not used, such as the conclusions and findings of the Care and Social Services Inspectorate Wales and the Welsh Language Board. In addition, the Council does not always clearly state whether it has delivered actions or met its own targets for improvement. For example, the actions and targets in relation to the Improvement Objective on engaging with and listening to citizens.

96 This is the first time that Welsh councils have been required to report their performance in relation to Improvement Objectives and some opportunities for learning and improvement in how they do this are to be expected. Overall, the Auditor General determined that the Council has discharged all of its duties in relation to publishing improvement information. However, the Council should also ensure that it acts more in accordance with Welsh Government guidance specifically in reporting more clearly on its own

performance, demonstrating the impact of its activity and in reporting fully on progress in relation to the things it said it would do.

The Council uses a wide range of information in its self-assessment to judge how well it is performing and is doing further work on developing outcome measures, though it needs to make better use of targets and comparisons

97 Every council needs to have good information and use it well if it is to provide good services and make them even better. The Council has well-established systems for reporting information and its Performance Report captures performance against the National Strategic Indicators. The Council's Performance Report briefly reports on whether performance between 2009-10 and 2010-11 has improved, stayed the same or declined. The information shows that on 17 of the 24 indicators there was an improvement in performance in 2010-11, six deteriorated and one was not comparable.

98 The Council sets targets annually for all National Strategic Indicators. Setting targets can be a helpful method to challenge the organisation or a specific service area to do better. Reviewing performance achieved in relation to targets provides information on whether objectives are being achieved. The Council has not reported its performance against the targets it set. This means citizens are unable to judge whether the Council is making the level of improvements it intended. In addition, the Council also does not rank its performance amongst the

22 Welsh councils or show which quartile the Council sits in. Nevertheless, it does provide a summary showing changes in performance graphically overtime.

- 99 We acknowledge that the Council uses comparative information internally and its development of Ffynnon supports effective management of data. However, because it does not always make this or other information available to its citizens, it is not possible for them to judge for themselves how well the Council is serving them in comparison to other councils in Wales or over time.
- 100 With regard to the individual Improvement Objectives, the Performance Report provides some trend data, where available, and some comparative information although the use of trend and comparative information is limited. Often the evidence used to support improvement is based on appropriate local measures, therefore limited comparisons are made with other councils or public bodies. Sometimes the Council has changed the measures it uses to report performance and the information in relation to the previous measures is not reported.
- 101 The Council also provides a narrative in relation to each of the Improvement Objectives and some contextual information on resourcing and demand. The Performance Report does not rely exclusively upon local and national performance indicators. Positively, it also draws on data from a range of other sources, for example the conclusions of needs analyses. The Council's Performance Report also makes clear why individual objectives have been chosen; identifies

clearly the partners working with the Council on delivering the Improvement Objective; provides contextual information such as budget spend; and comments briefly on what citizens and partners have told the Council.

- 102 Nevertheless, the Council recognises that its current performance indicators do not consistently enable it to measure the impact it is having for citizens. It has made some progress in developing new measures and supporting systems since setting its first Improvement Objectives in autumn 2010. Whilst this allows the Council to more effectively measure the impact of its work in delivering outcomes for citizens, the measures are not always comprehensive and in a number of cases do not present a rounded picture of improvement. The Council continues to refine its performance information and further work on refining outcome measures will enable it to better judge and report how well it is performing.

It is not always clear if the Council delivered all the things it said it would do

- 103 The Council's Performance Report provides a summary of progress in delivering a range of activities against the Improvement Objectives. However, the narrative on progress and the quality of performance measures used do not always support a conclusion on whether the Council is meeting its Improvement Objectives. As we have noted above in our assessment on progress against individual Improvement Objectives, the Performance Report describes the work the Council has undertaken in 2010-11. But, it does not clearly state whether the actions it set out have always been delivered or show how

the Council's work has improved performance or delivered improvement. By not clearly reporting on all the actions it set itself in 2010-11 and stating whether these have been delivered or not the Council is not presenting a full picture of its performance. There is also a tendency in the various summaries of performance to describe current activity in 2011-12 against Improvement Objectives rather than to account for what was delivered in 2010-11.

The Council uses scrutiny committees to effectively challenge performance but some information provided to members could be improved

- 104 Scrutiny committees have an important role to play in managing performance and supporting improvement activity. They not only act as community advocates, bringing into the Council ideas and needs of the community to help the Council develop policy, they also scrutinise the decisions made by the Cabinet, the performance of the Council and the achievement of its objectives. Within the Local Government (Wales) Measure 2009, the role of scrutiny committees is clearly identified as a key component in a council's improvement processes.
- 105 The Council regularly reports progress in delivering Improvement Objectives and broader performance of services to its scrutiny committees and members receive reports on a six-monthly basis. These standard reports use a red, amber, and green scoring system to provide a simple snapshot of overall performance capturing progress in delivering improvements under each of the Improvement Objectives. They are set out in a standard format and include

a series of outcomes that underpin the Improvement Objective; a risk assessment; progress in delivering actions; and performance against measures.

- 106 This is a good system to manage and track performance as it provides members with the opportunity to review progress and gain assurance that the Council is doing what it said it would do. The process could be strengthened to support more effective scrutinising of performance:
- The risk assessment does not capture whether risks are changing.
 - There is no analysis across quarters/half-year to enable members to track progress over time.
 - There is limited analysis of performance indicators, because the reports do not include information on previous year's performance, the performance of leading organisations, and the Welsh council average or performance over time.
 - Performance data is often not provided as systems do not support effective in-year assessment. For example, 12 of the 21 performance indicators used to monitor delivery of the Improvement Objective *Agencies and partners work together to safeguard children and young people* have no actual performance data entered. This means members are unable to track performance and direct corrective action as the information is missing.

107 However, weaknesses in how the Council uses performance information have been picked up by members in scrutiny committees who have sought to ensure these matters are addressed in the future. Furthermore, our review of Scrutiny found that services were generally subject to effective challenge by members. We found that members picked upon many important issues and asked relevant questions on underperformance in delivering action plan targets and sought assurances on key aspects of the Council's performance. Good lines of questioning around budgets, staffing and operational delivery issues were used to understand current performance and the challenges faced by the Council in delivering its Improvement Objectives. Officers were also open to challenge and recognised the important role of scrutiny in supporting improvement.

The Council has made good progress in delivering its Outcome Agreements

108 Outcome Agreements between the Welsh Government and individual councils set out how each will work towards improving outcomes for local people, within the context of the Government's national priorities. Outcome Agreements do not replace underlying service planning and performance management arrangements already in place. Rather, they provide an outcome-based framework and focus for service planning, resource planning and performance management. Our review of the Council's submission to the Welsh Government found that progress has been made in delivering most of the Outcome Agreements' targets although our assessment of performance differs from the Council's.

109 Our assessment of the Council's evidence that underpins its Outcome Agreements highlights that there has been good progress in delivering most of the agreements. The evidence that is used to underpin the Council's self-assessment is generally sound although there remain areas for improvement in terms of measures to judge if anyone is better off. Under some programmes, some actions were not delivered or their impact upon the outcome sought was not always clearly demonstrated.

110 We audited the Council's systems for managing and reporting its key performance indicators in 2010. We found that all the National Strategic Indicators, against which every council is required to report performance, were substantially accurate.

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 Auditor General to discharge his duties under section 24 of the Measure. The report also discharges 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 Council self-assessment of its performance.

The Auditor General may also in some circumstances carry out special inspections (under section 21), in respect of which he will provide a report to the relevant authorities and Ministers, and which he may publish (under section 22). The Auditor General will summarise audit and assessment reports in this published Annual Improvement Report (under section 24). This will also summarise any reports of special inspections.

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 Caerphilly and Caerphilly County Borough Council

The Council

Caerphilly County Borough Council spends approximately £527 million per year (2010-11). This equates to about £3,064 per resident. In the same year, the Council also spent £47 million on capital items.

The average band D council tax in Caerphilly for 2010-11 was £898 per year. This has not increased in the year and remains £898 per year for 2011-12. 81.7 per cent of the dwellings within Caerphilly are in council tax bands A to D.

The Council is made up of 73 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:

- 32 Plaid Cymru
- 32 Labour
- 9 Independent

Caerphilly's Chief Executive is Anthony O'Sullivan.

The Corporate Management Team consists of:

- Nigel Barnett, Deputy Chief Executive
- Albert Heaney, Director of Social Services
- Sandra Aspinall, Director of Education

Other information

The Assembly Member for Caerphilly is Jeff Cuthbert, Labour Party. Some citizens also fall within the constituencies of Gwyn Price, Islwyn, Labour Party and Huw Lewis, Merthyr Tydfil and Rhymney, Labour Party.

The South Wales East Regional Assembly Members are:

- Mohammad Asghar, Welsh Conservative Party
- Jocelyn Davies, Plaid Cymru
- William Graham, Welsh Conservative Party
- Lindsay Whittle, Plaid Cymru

The Members of Parliament for Caerphilly are:

- Wayne David, Caerphilly
- Dai Havard, Merthyr Tydfil and Rhymney
- Christopher Evans, Islwyn

All represent the Labour Party.

For more information see the Council's own website at www.caerphilly.gov.uk or contact the Council at Penallta House, Tredomen Park, Ystrad Mynach, Hengoed, CF82 7PG.

Appendix 3

Caerphilly County Borough Council's accounts and use of resources

The auditor appointed by the Auditor General issued the following auditor's report (on 30 November 2011).

Councillor Allan Pritchard
The Leader
Caerphilly County Borough Council
Penallta House
Tredomen Park
Ystrad Mynach
CF82 7PG

Dear Councillor Pritchard

Independent auditor's report to the Members of Caerphilly County Borough Council

As you will be aware the Auditor General for Wales will be issuing an Annual Improvement Report (AIR) to each local authority by the end of January 2012 and some of the issues that were traditionally reported in the Appointed Auditor's Annual Audit Letter will be included in that report. Therefore I have taken the opportunity to summarise the key messages arising from the Appointed Auditor's statutory responsibilities into this short letter which forms the Annual Audit Letter. The letter is designed to be a standalone document, but will also be presented to the Council and the public as part of the Annual Improvement Report and therefore discharges my reporting responsibilities under the Code of Audit Practice.

Caerphilly County Borough Council complied with reporting requirements relating to its financial performance and use of resources but continues to face significant financial pressures in the future

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.

On 28 September 2011 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. A number of matters arising from the accounts audit were reported to members in my Audit of Financial Statements report.

From 2010/11 local authorities in Wales are required to produce their accounts on the basis of International Financial Reporting Standards. The introduction of these new standards imposed significant additional demands on the Council's finance staff. Despite these additional pressures, the accounts were prepared by the statutory deadline.

The following issues were identified regarding the accounts:

- The Accounts Code requires an authority to carry Property, Plant and Equipment at fair value on its balance sheet and provides that valuations must be carried out at intervals of no more than five years, but more frequently where fair values may have fallen or risen materially. The Authority values its property, plant and equipment by undertaking a rolling programme of revaluations over a period of five years. The Authority should also consider whether the fair value of assets that are not in the programme for a particular year, may be materially different to the book value. Consequently, we requested that the Authority carry out a further programme of work over the balance of individually material assets that had not been revalued in year to determine whether any further adjustments should be made to the value of the assets within the accounts. The accounts were adjusted to reflect material movements in asset values following this exercise.
- We debated with the Council whether pension contributions should be provided for on the back pay element of equal pay settlements. The potential provision required was not material and the Council did not include such a provision in the accounts.
- The Council prepared its accounts on the basis of International Financial Reporting Standards. Some small differences in the methodologies used by the Council and in the presentation of items were noted and adjusted in the final accounts.
- The accounts were adjusted for items identified that were capital in nature but which had not been capitalised as they had been funded from available revenue budgets.

My review 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 Measure (2009). The main

findings from this latter work will be set out in the Annual Improvement Report.

I issued a certificate confirming that the audit of the accounts has been completed on 28 September 2011.

The financial audit fee for 2010/2011 is currently proposed to be higher than that set out in the Annual Audit Outline, by £9,000 because of the additional work undertaken in respect of asset valuations and the additional testing of capital/revenue transactions.

Lynn Hine (PricewaterhouseCoopers LLP)

For and on behalf of the Appointed Auditor
30 November 2011

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 or by writing to us at 24 Cathedral Road, Cardiff CF11 9LJ.

Appendix 4

Caerphilly County Borough 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 in its Improvement Plan which can be found on the Council website at <http://www.caerphilly.gov.uk/site.aspx?s=cDi9MNKWJbN+5B7bCr0EoA>

They are:

Caerphilly's Improvement Objectives for 2010-11	Caerphilly's Improvement Objectives for 2011-12
Improve how we engage with our citizens and listen to what our customers tell us about our services	Improve how we engage with our citizens and listen to what our customers tell us about our services
Agencies and partners work together to safeguard children and young people	Agencies and partners work together to safeguard children and young people
Reducing our carbon footprint and improving our sustainability	To reduce our carbon footprint and operate more sustainably
Sustain the range of employment opportunities for residents	To increase the range of employment opportunities for local residents
Improve the skills level for children and young people	To improve the skills level for children and young people
Promote benefits of a healthy and active lifestyle	To raise awareness to the benefits of a healthy and active lifestyle
Adults who are in the social care system are able to lead a full, active and independent life	All adults who are in the social care system are able to lead a full, active and independent life
Making Caerphilly a safer place to live and work	Making Caerphilly a safer place to live

Caerphilly County Borough Council's self-assessment of performance

The Council self-assessment of its performance, the Performance Report, can be found at: <http://www.caerphilly.gov.uk/site.aspx?s=cDi9MNKWJbN+5B7bCr0EoA>

Appendix 5

The Council's progress against previous Proposals for Improvement

Proposals for improvement	Progress
<p>1 Finalise and publish Improvement Objectives, currently in draft, and update the CIP to clearly set the Council's vision and priorities for the future.</p>	<p>The Council published its first Improvement Objectives as required and has updated them for 2011.</p>
<p>2 Improve systems to support delivery of corporate priorities by:</p> <ul style="list-style-type: none"> • making certain that Service Improvement Plans (SIPs) focus on delivering the Council's corporate improvement priorities; and • ensuring SMART targets are set that are focused on delivering corporate plan priorities. 	<p>The Council has issued new guidance to services for completing SIPs to address continuing weaknesses in linkages between SIPs and Improvement Objectives. Further work is required to ensure this approach is embedded consistently. The Council has adopted an outcome-based approach to performance management and work is continuing to improve measures and target setting.</p> <p>We will continue to monitor progress in this area.</p>
<p>3 Improve the management of performance by:</p> <ul style="list-style-type: none"> • establishing a comprehensive range of indicators to measure improvement that are clearly focused on operational service management; • evaluating performance to identify areas and opportunities for improvement; and • ensuring managers are equipped with the necessary skills to be able to hold their staff to account and address areas of poor performance effectively. 	<p>The Council is using the Ffynnon pan-Wales performance management system to support performance monitoring and reporting against a range of indicators. Work to develop an appropriate suite of outcome-focused indicators and also indicators that are aligned more closely with operational activity is continuing. Developing better indicators will facilitate more robust evaluation and scrutiny of performance. At present, the Council is examining proposals to strengthen arrangements in order to enhance the scrutiny function and identify opportunities to improve service performance.</p> <p>We continue to monitor how the Council manages performance, in particular in relation to its Improvement Objectives and have reported our findings in our 2012 Annual Improvement Report. Our work to examine how the Council manages its staff is being fed back to the Council at present and will be included in our next Corporate Assessment.</p>

Proposals for improvement	Progress
<p>4 Ensure plans and services are aligned to support the improvement programme by:</p> <ul style="list-style-type: none"> • agreeing the options and develop detailed plans to address the predicted budget deficit; • undertaking a cross-county workforce planning exercise to agree future staffing needs, including collaboration with other public sector agencies; • improving how the Council monitors and evaluates the effectiveness of partnerships to ensure they are contributing to delivery of corporate priorities; • strengthening its risk management arrangements in light of emerging challenges; • developing and adopting an asset management strategy to meet the Council's future needs; • improving the consistency with which plans reflect how the Council engages and responds to the needs of its communities and citizens; • completing its review of HR policies and procedures and determine how these will be embedded across the organisation; and • creating robust HR management systems to support the cultural change taking place within the Council. 	<p>The Council considered options and developed medium-term financial plans as part of the 2011-12 budget setting round.</p> <p>The Council does not yet have a workforce strategy in place. Our work to examine how the Council manages its staff is being fed back to the Council at present and will be included in our next Corporate Assessment.</p> <p>The Council recognises the need to strengthen the governance of collaborations. We will be undertaking work to examine progress in this area and will report this in our next Corporate Assessment.</p> <p>Our work to examine Asset Management has been delayed at the Council's request and will be reported following the Council's internal review.</p> <p>We have examined how the Council engages with the community and reported our conclusion in this Report.</p>
<p>5 Train and support the Audit Committee to ensure the Council is discharging its statutory responsibility to have arrangements in place to secure continuous improvement in its functions.</p>	<p>Our work to examine progress in this area will be reported this in our next Corporate Assessment.</p>

Proposals for improvement	Progress
6 Publish its Improvement Objectives according to the Welsh Government's requirements.	The Council has met the statutory requirements, although we have identified some areas in which the Council should consider taking action.
7 Consult with its full range of stakeholders on the Improvement Objectives and provide citizens with appropriate opportunities to influence and shape priorities for improvement in the future.	There has been improvement in consultation activity on several of the individual Improvement Objectives. This has included consultation via the Viewpoint Panel which has allowed the Council to strengthen the legitimacy of its priorities. However, this has not occurred in all cases and there remain opportunities to improve the legitimacy of several Improvement Objectives through more effective engagement and consultation with key stakeholders in the future.
8 Set appropriate measures to judge delivery of the Improvement Objectives that focus on how the Council performs now, what its targets are, how it compares with others, the cost of delivery and how it will show whether the people of Caerphilly are better off as a result.	The Council has reviewed its measures of success for the individual Improvement Objectives and included information on the intended outcomes for the Council. The major change from 2010-11 is the provision of performance information in a Results Based Accountability (RBA) framework which sets out what the Council is seeking to achieve. This provides a broad statement of where people can expect to see improvements but does not always include clear statements of how much improvement is being sought. Systems for measuring success tend to be based on existing national performance indicators which are not always suitable and links between them and areas for improvement are not always clear. There has been limited work on cost of delivery measures. We have reported progress in this area in the 2012 <i>Annual Improvement Report</i> .
9 Establish minimum service delivery standards for all service areas.	There has been limited progress on setting minimum service standards.

Proposals for improvement	Progress
<p>10 Set clear priorities for action in the context of reduced resources.</p>	<p>The Council's medium-term financial plan has identified that there are no cuts that will adversely affect delivery of Improvement Objectives. In three of the eight, the Council is making available additional funds to support their delivery.</p>
<p>11 Ensure the outcome of the medium-term financial planning work identifies and agrees the resources required and that they are available to deliver the Improvement Objectives.</p>	<p>The Council has reviewed and set clear priorities for its Improvement Objectives for 2011-12. A consideration of resource requirements has been completed as part of this exercise. We report on the robustness of the Council's plans for tackling the financial challenge in the <i>2012 Annual Improvement Report</i>.</p>
<p>12 The Council's Improvement Objectives and its annual improvement plan, <i>Improvement Objectives 2011/12</i>, met the key requirements of the Local Government (Wales) Measure 2009. However, in order to follow the statutory guidance more fully we propose the Council should:</p> <ul style="list-style-type: none"> • include a general statement within the annual forward-facing plan on how the Council seeks to discharge its overall statutory duty to have arrangements in place to secure improvement across the range of its functions; and • include information on improvement activities in areas not covered by Improvement Objectives, including planned savings and disinvestments, if these impact on services for citizens. 	<p>The Council will publish its next annual forward-facing plan in spring 2012.</p>

Proposals for improvement	Progress
<p>13 The Council should:</p> <ul style="list-style-type: none"> • Clearly define a plan that maps out the whole engagement exercise, including pre and post-implementation. The costs and resources of engagement should be included. • Manage public expectations about outcomes from consultation, and provide appropriate levels of feedback on reasons for decisions and how engagement processes have contributed to the outcomes. • Undertake evaluation of engagement activity to demonstrate transparency and accountability of outcomes achieved. 	<p>We will monitor the Council's progress and report in our next Corporate Assessment.</p>
<p>14 Ensure there are robust and effective governance arrangements in place when creating integrated services and collaborations which are subject to regular evaluation of their impact.</p>	<p>We will continue to monitor the arrangements for ensuring effective governance of partnerships and collaborations.</p>

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