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Pages	1 of 9

Dear Anthony

Improvement Assessment Letter

This letter summarises the key conclusions arising from my work in respect of improvement reporting under the Local Government (Wales) Measure 2009 (the Measure).

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

Further to my first Improvement Assessment letter of 11 October 2012, this second letter summarises:

- my views on whether the Council has discharged its statutory duties in respect of improvement reporting;
- my views, and the views of relevant regulators, on the reliability of the Council's self-evaluation; and
- my further proposals for improvement and/or recommendations.

Further to this, I will continue to undertake work on the arrangements that support the Council's performance management and reporting over the following months.

I shall summarise all of my work and that of relevant regulators during 2012-13 and publish an Annual Improvement Report for the Council by the end of March 2013.

The Council has discharged its improvement reporting duties under the Measure. However, it should ensure that it acts more in accordance with Welsh Government guidance

I have reached this conclusion because:

- the Council published an assessment of its performance during 2011-12 in its Performance Report 2009-12 (the Report) within the statutory deadline of 31 October 2012;
- the Report assesses the Council's performance in the preceding financial year (2011-12);
- the Report includes details of performance and comparisons as measured by the national statutory performance indicators; and
- the Report includes details of the ways in which the Council has sought to collaborate.

However, the Council needs to act more in accordance with Welsh Government guidance by:

- using a wider evidence base of information to enable it to assess whether it has met its Improvement Objectives and determine what difference this has made for service users;
- reporting its performance in a more balanced way;
- making better use of available comparative information; and
- improving the readability and accessibility of the Report for stakeholders and citizens (see proposal for improvement P1).
- The Council's performance management arrangements are well-embedded but inconsistencies remain in the way it evaluates and reports performance weakening its ability to account for improvement in a balanced way and increase the pace of change in some areas.

The Council's performance management arrangements are well-embedded and it recognises that effective involvement of scrutiny needs to improve

The Report is the Council's final performance report of its three year corporate plan. It sets out the Council's achievements and performance over the past three years.

The Council has a number of mechanisms in place to report and monitor performance. These include performance scrutiny committees, Cabinet, Corporate Management Team and arrangements at a service level. The Chief Executive has also reinforced the focus on improvement objectives in Corporate Management Team meetings. Ffynnon is used as the main vehicle to facilitate performance monitoring and the Council has developed

specific dashboards within Ffynnon to monitor its improvement objectives, outcome agreements and to report performance to Corporate Management Team. It is the information in Ffynnon, together with the quarterly performance reports, that forms the basis of the Report.

The Council's Heads of Services were involved in the development of the Report and had an opportunity to shape the narrative. The Report was also discussed at Corporate Management Team and Cabinet before being approved by full Council on 9 October 2012. The Report was not discussed at any of the scrutiny meetings, although performance information was regularly discussed by scrutiny committees during the year. A review of a sample of performance information presented to scrutiny committees using the Ffynnon dashboards identified some inconsistencies in the information reported in relation to the Improvement Objectives. For example, not all dashboards included prior year performance and demonstrated that risks had been updated. No comparative information against the Welsh average was included where appropriate. The Council should consider maximising the role scrutiny could play in helping to evaluate whether it has achieved its Improvement Objectives (see proposal for improvement P2).

The central Performance Management Unit has a designated link officer to each department who attends departmental management meetings. Officers within departments appreciate the support and level of challenge provided by the Unit's link officers. There is a timetable in place which sets out when performance will be monitored at the different forums and committees, such as Cabinet and Corporate Management Team.

Whilst the Council has started to improve the way it judges its performance, much remains to be done to address inconsistencies in its evaluation arrangements so that it can better drive improvement

The Council's Report informs the reader of its judgement on whether it has delivered its priorities and achieved its improvement objectives. It has used a traffic light rating system to visibly demonstrate this judgement: Red = unsuccessful; Amber = partly successful; and Green = successful. This is a positive step forward compared to last year's Report. Five out of the seven improvement objectives are considered to have been 'successful' with the remaining two judged to have been 'partly successful.'

The Council needs to better assess and evaluate the information that is monitored and reported during the course of the year so that it can better manage service performance. On the whole, performance reports do not consistently include any other evidence, such as more qualitative information, which would help to provide a more rounded picture of performance. Although services provide a progress summary of their performance against their improvement objectives to scrutiny committees, this generally focuses on progress against actions and measures, and further work is needed to strengthen these arrangements so that covering reports clearly evaluate or assess the impact actions are

having on service users (see proposal for improvement P2). A review of a sample of services did show some references to evaluative activity, such as the evaluation of the employment support programme Genesis2, which was commissioned by the Welsh Government. This evaluation included some case studies which helped to demonstrate the impact of the initiative for some individuals but this approach is not used within the Council's Report.

Inconsistencies in the quality of self-evaluation arrangements between social services and education are demonstrated by the views of the care and Social Service Inspectorate Wales (CSSIW) and Estyn (see proposal for improvement P5). The CSSIW Annual Review and Evaluation of performance 2011-12 concluded that the Director of Social Service's annual report 'gives a comprehensive and accurate account of the Council's performance and clearly reflects the context for social services locally and nationally. In particular references to achievements in adult and children's services are measured and reflect the focus on improvement and listening to service users and carers. Challenges to securing improvement are acknowledged with indications of how they will be met. The evidence provided by the Council to support its self-evaluation has been clear and comprehensive in relation to both adult and children's services. Caerphilly has constructed its own outcome framework which showed a thoughtful approach that can be built upon.'

Estyn's Inspection on the Council's education services for children and young people in July 2012 judged the service's quality improvement as adequate. It found that 'formal self-evaluation at a corporate level is not well-embedded in the work of the local authority. A self-evaluation report was prepared explicitly for the inspection and could not draw from any existing high-level process that brings together the Authority's evaluation of its own progress. A range of stakeholders contributed to the preparation of the self-evaluation report and generally represented all partners appropriately. However, the report does not evaluate impact on outcomes robustly enough or support assertions with relevant evidence consistently. It does not always accurately identify areas of strength or those needing further development' (see proposal for improvement P5).

Services generally manage performance effectively in a variety of ways and work has begun to improve consistency and impact. However, there are too many initiatives in place across service areas where no evaluation of impact is built in from the start, and consequently, officers are not able to say whether the developing practice is effective or not. There is good practice where firm links to planning and appropriate focus on improving outcomes for learners are contributing to measurable improvement in standards. However, this is not consistent across all services and agencies. Progress has been made in developing the collection of appropriate data to inform the effective allocation of resources, performance management and reporting. This work is already having some positive impact on improving provision. However, the use of data to inform evaluation is not yet consistent across all areas.

A network of professional practice has had a measurable impact on schools' capacity to manage challenging behaviour.

'The Authority has not always responded consistently to recommendations from previous inspections of local authority education services. It has now improved its systematic monitoring of post inspection action planning and delivered progress in some key areas. Nevertheless, there are significant challenges where the Authority has not made enough progress such as the removal of surplus capacity from its secondary schools.'

The Council has made some progress in adopting a more outcome-based approach to its reporting but recognises that it needs to improve the way it accounts for performance, and demonstrate whether it has made a difference to citizens

Within the Performance Report, there is an overall summary of progress in 2011-12 for each improvement objective and priority. The narrative is then structured around the questions: *'what difference have we made in 2011/12, how much did we do, how well did we do, and is anyone better off?'* Whilst it is clear that the Council has made efforts to adopt a more outcome-based approach to its reporting, and some outcomes have been identified, the Council recognises that this remains an area for improvement (see P3). Further work is needed to develop more robust outcome measures, which will more effectively help it to determine whether it has achieved its Improvement Objectives. Many of the indicators used are still predominantly measuring volume of activity or process, rather than actual outcomes for service users. We recognise that the Council maintained its reporting format for the Report as it was the final year of a three year programme. The Council have informed us that its approach to next year's assessment of performance will be improved.

Councils are encouraged to include in their evaluation of their performance the results of peer reviews, scrutiny assessments and other sources of more qualitative information, such as customer satisfaction with services and benchmarking data. Improving how the Council engages with its citizens and listens to what its customers say about its services is one of the Council's Improvement Objectives. The Council should use a wider evidence-base, including more qualitative and comparative information to answer the question 'Is anyone better off?' (see proposals for improvement P1 and P3).

The Council reports actual performance against a large number of measures including local and national indicators. However, there is no explanation as to whether performance is improving or declining, and some indicators are not easy to understand and are open to different interpretations. This hinders the reader's ability to determine how well the Council is doing in these areas. There is limited evaluation of what these performance figures mean, and what difference the performance actually makes to citizens and service users (see proposal for improvement P4).

The Council does not consistently evaluate, report and account for its performance in a balanced, rounded and accessible way

The Council's Performance Report lacks breadth of analysis and primarily focuses on assessing performance against national statutory performance indicators. The Report sets out its performance against measures over the past three years, where this information is available. But the Report does not include comparative data that shows how performance compares with other councils. The Council has outlined its rationale for not including this comparative data in the Report. However, without such information it makes it difficult for the Council and the public to judge how well the Council is performing compared to other authorities. This continues to weaken the Council's self-evaluation of its performance and its ability to account for its improvement to its citizens in a balanced and rounded way. Again, this is an issue that I have previously raised as a proposal for improvement in my Annual Improvement Report issued in February 2012.

The Council's performance against the national statutory indicators shows a notable decline in 2011-12 when compared with the previous year. In 2011-12, 54 per cent of indicators improved, compared to 77 per cent in 2010-11. This information is presented in a bar chart in the Report but only the percentage of indicators improving is specifically identified in the labelling, although the reader can clearly see that the percentage of indicators which have deteriorated is more than double the percentage in 2010-11.

Whilst performance against national indicators is an important means of measuring performance, the Council also uses other local measures to determine its performance. However, there is no overall summary analysis of the Council's performance against local measures within the Report, which would strengthen its overall evaluation of performance and the balance of its reporting.

Moreover, the Council could set a better context and explanation for its performance to give a more rounded and balanced picture. For example, the three Key Stage 3 measures reported in Improvement Objective 4 'Improve the skills level for children and young people' show an improvement. However, the Report does not highlight that the Council's performance is in the bottom quartile for these indicators, whether the Council met its targets for these indicators, or whether the improvements made put it in a better or worse position (ranking) than last year as compared to all other Councils in Wales. Key stage 3 educational attainment performance was identified as a particular concern in the Council's recent Estyn inspection.

The Council set targets for each of its performance measures at the beginning of the year and published them in its Improvement Objectives 2011-12 update. The targets are monitored during the year at both a service and corporate level and are also reported to scrutiny committees. However, overall performance against targets to show whether the Council achieved what it planned to achieve is not included in the Report. This omission was also the subject of a proposal for improvement in my Annual Improvement Report

issued in February 2012, following the audit of the Council's 2010-11 Performance Report.

The Council does not believe that reporting targets in its Report is necessary. But not doing so means that the Council is unable to demonstrate whether it achieved what it set out to achieve and citizens are therefore unable to see whether the Council is making the level of improvements it intended. Targets also provide another source of evidence to evaluate performance. The Report states that many of the national indicators are now at their highest possible performance given the current financial constraints, but the Report does not provide information to support this statement nor state whether it has reached the performance it intended. Including an illustration of performance against targets would provide a more rounded picture of the Council's performance and its improvement journey. Providing this information would also emphasise the Council's accountability to its citizens by reporting progress against the targets it published in its Corporate Plan.

Our analysis of the Council's performance against the targets identified in its Improvement Objectives 2011-12 shows that targets were met against 14 (61 per cent) of the national strategic indicators and were not met against nine (39 per cent). A target was not set for the indicator relating to the provision of additional affordable housing. Five of the nine indicators where performance did not meet their targets are in the area of social care.

The lack of target information and comparative performance affects the Council's ability to provide a balanced picture of performance. My Annual Improvement Report issued in February 2012 noted this omission and included a proposal for improvement about the need for the Council to improve self-assessment arrangements and performance reporting by presenting a balanced picture of how well it has performed.

My review of the Report also found that the Council does not consistently identify actions to be taken to address areas of poor or declining performance. For example, under Improvement Objective 5 'Promote the benefits of a healthy and active lifestyle', it accurately reports a number of areas where performance is poor compared to other local authorities, but it does not identify what the Council is going to do to improve service performance. Similarly, where performance has declined, such as the take up of school meals across primary schools, the Report does not set out why this is, or how the Council is going to address this, either through its own actions or with its partners.

My review of the actions and measures in the Council's Improvement Objectives 2011-12 update against those included in the Report found inconsistencies or missing information in three out of the seven Improvement Objectives. Inconsistencies were noted in the Improvement Objectives relating to adult social care, employment opportunities and in active lifestyle Improvement Objectives. The Council recognises it needs to refine its approach to reporting performance in a balanced and transparent way based on an evaluation of all appropriate information.

The Report has been published on the Council's website in English and Welsh. The Report is not signposted on the Council's homepage and therefore makes it difficult to find on the website. The Council has included a small advertisement in the November edition of the Council newspaper, NewsLine, alerting readers to the availability of the Report within its public buildings and on its website. The Council has not made its key stakeholders and partners aware of the Report through any other media.

A short public summary has also been published on the website, which provides a brief assessment of progress against each of the Council's priorities and Improvement Objectives. Whilst it does identify some areas of poor performance, the summary is primarily focused on the Council's achievements and lacks contextual information to present a more balanced picture of performance.

Further proposals for improvement/recommendations

Some new proposals for improvement are being suggested in this letter. Many of the issues I have raised again in this letter were identified in my previous letters and reports. I will continue to monitor and report on the progress made by the Council in implementing the proposals set out in my previous reports and letters.

Proposals for improvement

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| P1 | The Council should ensure that it acts more in accordance with Welsh Government guidance by: <ul style="list-style-type: none"> • using a wider evidence-base of information to enable it to assess whether it has met its improvement objectives; • extending the use of comparative information, including comparison with other bodies; • reporting its performance in a more balanced way; and • maximising accessibility to citizens and stakeholders of its performance assessment. |
| P2 | Better engage and strengthen scrutiny to improve self-evaluation arrangements and to inform the Council's overall evaluation of progress against its improvement objectives. |
| P3 | Establish and report against outcome-focussed measures of success for each improvement objective. |
| P4 | Assist readers to understand and interpret performance indicators by including narrative explanations and also indicating if a high value is good or poor performance. |
| P5 | Ensure all services have effective arrangements to evaluate and improve performance which are consistently reported against agreed Council targets and are subject to robust scrutiny and challenge. |

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Huw Vaughan Thomas', with a stylized flourish at the end.

HUW VAUGHAN THOMAS

AUDITOR GENERAL FOR WALES

CC: Carl Sargeant, Minister for Local Government and Communities