

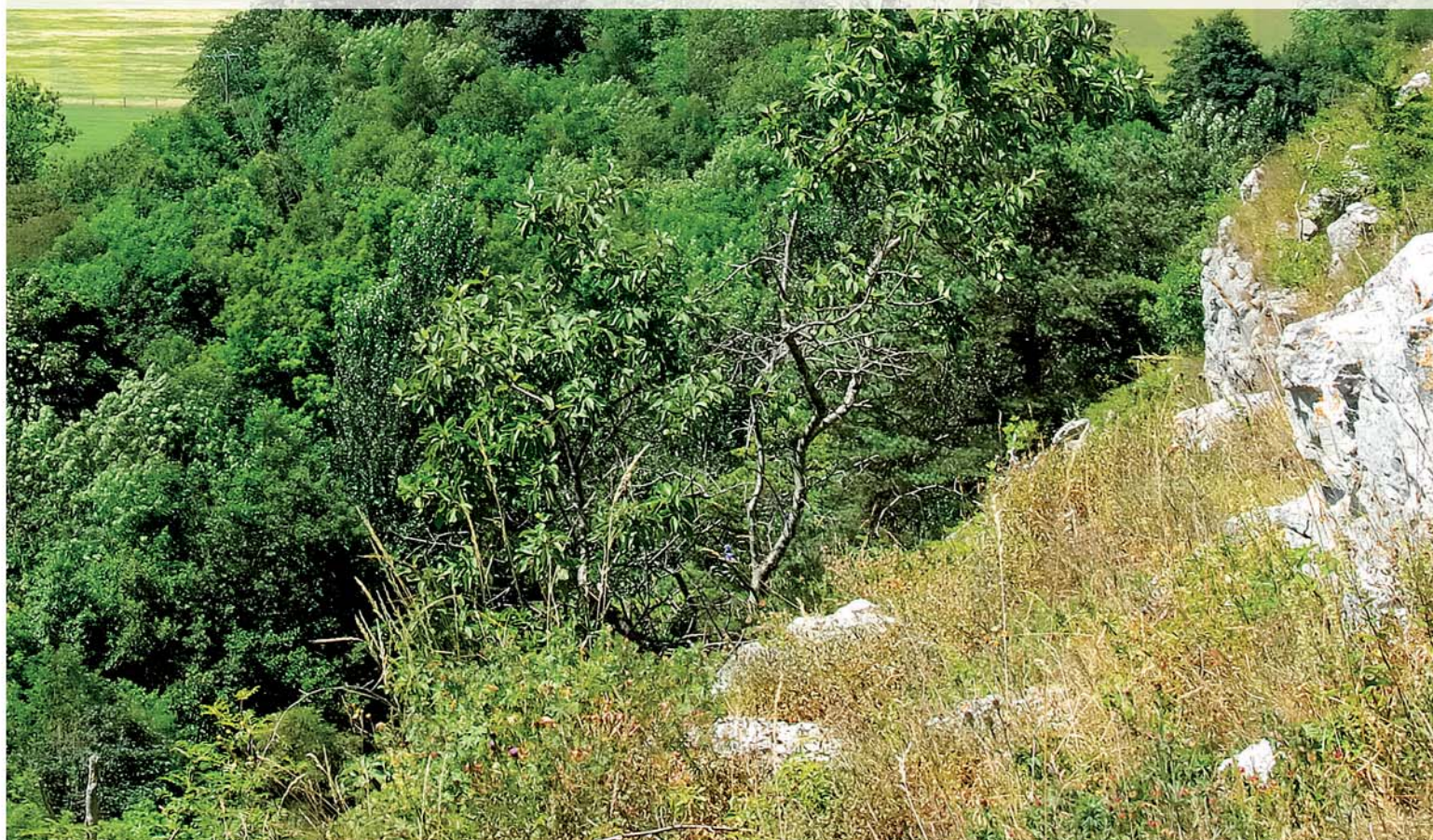


WALES **AUDIT** OFFICE
SWYDDFA **ARCHWILIO** CYMRU

Annual Improvement Report

Flintshire County Council

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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 Stephen Martin, Karen Lees and colleagues under the direction of Alan Morris 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 that of the 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 Flintshire County Council (the Council).
- 2 In addition to its statutory duties, the Council set itself improvement objectives which include making communities safe, protecting the local economy and providing high-quality social care, housing and learning opportunities as well as improving collaboration, efficiency and arrangements for management of staff.
- 3 Overall the Auditor General has concluded that, despite progress in many service areas, certain corporate weaknesses continue to hinder current performance and future prospects.
- 4 We found that the Council has a strong commitment to partnership working to support improvement; however progress in achieving the Council's objectives is being held back by weaknesses in priority setting, governance, financial planning and people management.
- 5 We also found that there is good progress in some priority areas but elsewhere progress is mixed and some services are not yet delivering provision at the expected levels. We based this conclusion on the following:
 - There is mixed progress in achieving improved support for people in need but significant developments are underway in adult social care and housing services.
 - The performance of pupils is below the expected levels in some aspects of education whilst standards and prospects for 14 to 19 year olds are good. Significant developments are taking place in leisure and play services but risks remain.
 - The Council is addressing challenges and delivering improvements to help create and maintain a safe, prosperous and pleasant county.
- 6 Finally, the report sets out our views on the Council's own assessment of its performance and arrangements. We concluded that the Council is continuing to develop its performance monitoring arrangements but weaknesses remain in outcome measures, reliability of information and in some aspects of reporting and evaluation.

Recommendations and proposals for improvement

- 7 The Auditor General has determined that he will not recommend any intervention by Welsh Ministers nor undertake a special inspection. However, two formal recommendations and other proposals for improvement are made. The Auditor General also proposes to undertake a full corporate assessment during 2012-13. Estyn, Her Majesty's Inspectorate for Education and Training in Wales, also made recommendations following its inspections of local authority education services and its area inspection of provision for 14 to 19 year olds (see [paragraphs 133](#) and [137](#)).

Recommendations

- R1** The Council should report more fully and regularly to the Executive Board on progress in delivering the Human Resources (HR) strategy and *Single Status Agreement* and ensure capacity and capability are available to achieve intended outcomes and timetables.*
- R2** The Council needs to complete its work in quantifying the financial benefits of its programme of efficiencies and organisational change by mid 2012-13, to determine the remaining funding gap (shortfall or surplus) and then establish clear plans to identify further savings and/or redirect resources to priorities.*

*These recommendations follow from proposals for improvement made in August 2010 and August 2011.

Proposals for improvement

To support further improvement, the Council should:

- P1** Complete the work in progress to set clear success measures for all improvement objectives and ensure regular, clear reporting.*
- P2** Develop and agree a detailed business plan for improving customer access showing how success measures will be achieved and offer value for money.
- P3** Ensure its Annual Performance Report is published by 31 October in line with statutory requirements and more fully reflects Welsh Government guidance.
- P4** Improve quality assurance arrangements to ensure that data used to support performance management and monitoring is accurate and robust.

*This proposal for improvement was first made to the Council in January 2011.

Detailed report



Introduction

- 8 This report was prepared by the Wales Audit Office on behalf of the Auditor General for Wales. On [page 2](#) you can find a brief explanation of what the Auditor General does.
- 9 Under the Local Government (Wales) Measure 2009 (the Measure), the Auditor General must report each year on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement and delivering their services. [Appendix 1](#) provides more information about the Auditor General's powers and duties under the Measure. With help from Welsh inspectorates, Estyn (for education) and the Care and Social Services Inspectorate for Wales (CSSIW), we have brought together a picture of what each council or authority in Wales is trying to achieve and how it is going about it. This report also sets out the progress the Council has made since the Auditor General published his last *Annual Improvement Report*, drawing on the Council's own self-assessment.
- 10 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.
- 11 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.

Despite progress in many service areas, certain corporate weaknesses continue to hinder current performance and future prospects

- 12 The Council's Executive Board adopted 40 priorities in May 2010. These priorities support the five themes of the County Vision, previously endorsed by the Flintshire Local Service Board (the Local Service Board). The set of priorities comprised 10 corporate governance and performance priorities and 30 service priorities. The 40 priorities were subsequently grouped under 10 improvement objectives and included in the Council's *Improvement Plan 2011-12*. The full set of priorities and improvement objectives is in [Appendix 4](#).
- 13 This report sets out an assessment of the performance of the Council in discharging its statutory duty to make arrangements to secure continuous improvement. We do not undertake a comprehensive annual review of all council arrangements or services. Our work has been focused on the main objectives the Council has set itself and some other key issues. The Council has now grouped the initial 40 priorities under 10 improvement objectives and we report mainly at the level of the improvement objectives. The report builds upon earlier feedback and reports issued to the Council, and the conclusions are based on our cumulative and shared knowledge and findings from work undertaken this year.
- 14 It is important for councils to have a good self-understanding of how effective they are, and the extent of progress and improvement they are making. The Auditor General, other inspectorates, the Welsh Government and councils are developing a common understanding of effective self-evaluation and this will assist future assessment. We have made some initial comments on self-evaluation at the Council later in this report. We found that the Council is making progress in developing its arrangements for self-assessment and reporting on its improvement objectives, and we commend it for this, but weaknesses remain. Throughout this report we refer to the Council's own information and assessments where available. To contribute to its self-understanding, the Council invited the Welsh Local Government Association (WLGA) to undertake a *Financial Peer Review* and this was carried out in January 2011. We refer to the review findings in the relevant sections.

The Council has a strong commitment to partnership working to support improvement; however progress in achieving the Council's objectives is being held back by weaknesses in priority setting, governance, financial planning and people management

15 This section comments on the Council's planning and arrangements for delivering improvement. It includes the Council's corporate governance and objectives. This section covers:

- previous findings by the Auditor General on the arrangements for improvement and progress on proposals for improvement;
- governance including decision making and scrutiny arrangements;
- the framework of improvement objectives and priorities;
- HR and workforce planning;
- arrangements for collaboration and partnership working with other councils and bodies;
- the use of resources and arrangements to address the financial challenges faced by all councils;
- the Council's arrangements to meet the requirements of the *Equality Act 2010* and to support the Welsh language; and
- how the Council engages with the public and local communities.

16 The Council's corporate governance and performance improvement objectives are:

- 'to be a modern, efficient and cost-effective public organisation through our four resource strategies – the *Medium Term Financial Strategy*, the *People Strategy*, the asset management strategy and the *ICT Strategy* – whilst ensuring our local taxes and fees and charges are fair and affordable;

- to achieve the greatest possible cost efficiencies through regional collaboration to reinvest in local public services;
- to be a modern, caring and flexible employer with fair and equal pay and terms and conditions of employment under a *Single Status Agreement*; and
- to achieve the highest standards of customer service and care through our customer services strategy.'

In August 2011, the Auditor General reported that Flintshire County Council is continuing to actively promote improvement but some arrangements are not fully developed and are likely to hinder the Council in achieving its objectives

17 The Auditor General issued a *Corporate Assessment Update* letter to the Council in August 2011. He said he was satisfied that the Council is discharging its duties under the Measure, and that the Council is likely to comply with its minimum requirements during this financial year. Nonetheless, the Council faces significant challenges to deliver the very extensive programme of change and improvement that it has set itself. The letter said that the Council is continuing to actively promote improvement but some arrangements are not fully developed and are likely to hinder the Council in achieving its objectives. This assessment was based on our findings that:

- Some progress has been made on most of the areas for improvement identified in the previous *Preliminary Corporate Assessment* and *Annual Improvement Report*.

- Managing the financial challenge through savings programmes and transformation projects whilst being able to deliver its improvement objectives represents a testing agenda for the Council. It will need to continue to strengthen its arrangements and plans if it is to deliver this agenda.
- Whilst there are some positive examples of consultation, the Council's approach to engaging with the public does not follow a coherent methodology. The Council is not consistently using evaluation from consultation to improve the effectiveness of service delivery.
- The Council is actively developing opportunities to extend collaboration with partners as a means of further improving services.

There has been significant progress in developing the improvement planning framework, but not all objectives have clear outcome-based success measures

- 18 The Council has adopted a clear set of improvement objectives. As noted above, the 40 priorities of the administration were adopted in May 2010, and in June 2011, the Council approved its *Improvement Plan 2011-12*. This plan includes 10 improvement objectives and priorities for directorates and corporate services. The objectives and the improvement plan meet the proposal that the Council should 'review and formally adopt the priorities of the Council' made by the Auditor General in the previous *Annual Improvement Report*. The objectives and plan fulfil the Council's duties for these under the Measure.
- 19 The Council has strengthened and improved its framework for improvement:
- the improvement plan sets out the overall council objectives and actions designed to meet the objectives;
 - the Council also has a set of performance improvement targets for indicators which are important to the Council and where there is a need for better performance; and
 - there has also been some work to allocate accountability for the improvement objectives.
- 20 The Council still has further work to complete the response to the Auditor General's proposal that the Council should 'establish that there are clear leadership and accountability arrangements, success measures, and reporting processes for progress against all of its priorities'. This further work includes:
- Defining clear outcome measures, rather than actions and process measures, for some of the objectives.
 - Embedding reporting arrangements on progress with the Improvement Plan as, without this, councillors and officers are not fully aware of progress with delivering the plan. The first progress report has been provided to councillors in January 2012.
 - Completing the accountability arrangements at director and councillor levels.

21 It is for the Council to determine its priorities. However, as the Council's chosen priorities cover most of its activities, they may not help to guide decisions about the use of resources. In developing its improvement objectives for 2012 onwards, the Council should consider whether it needs to identify a smaller group of the key priorities. It should also engage more widely in discussions with councillors, partners and communities during the development of the future objectives, as noted in the Auditor General's *Corporate Assessment Update* letter.

While much Council business is conducted appropriately, political fragility, mistrust, and some inappropriate behaviour continue to affect the governance and leadership arrangements

22 Much day-to-day council business is conducted in a cordial and appropriate manner with positive relationships between councillors and with officers. We found some good scrutiny work and evidence of positive leadership by the Executive and senior officers.

23 Whilst much business is conducted satisfactorily we also found that the effective governance of the Council is affected by the political fragility of the multi-party administration. We found a degree of mistrust between officers and councillors, and between Executive and Scrutiny. This mistrust has contributed to slower progress than intended on some key council priorities.

24 The tensions are related to the political fragility of the Council, and the continuing delay in resolving a case referred to the Adjudication Panel for Wales by the Local Government Ombudsman. We found continuing concern by some councillors and some officers about inappropriate behaviour by a small number of councillors.

25 We found that workshops were being used effectively to inform councillors about sometimes contentious issues, ranging from options for school reorganisation to budget planning. However, the use of such meetings is extensive, and in some cases can seem as being used to replace the policy development role of overview and scrutiny committees. Holding workshops that are not in the official council diary adds to the already high number of meetings, and councillors who are working or have other responsibilities may be less likely to be able to attend than for scheduled meetings. We would expect the use of workshops to reduce in the future.

26 The relatively weak position of the leadership of the multi-party administration sometimes requires the Chief Executive and senior officers to carry out additional leadership activities particularly to support the delivery of important council priorities. Senior officers may then be seen as having too much influence in decisions that should be the responsibility of councillors. Officers may then be held to account by overview and scrutiny committees for matters that result from political decisions and for which the political leadership should take responsibility.

- 27 The political fragility of the Council, combined with the challenging agenda for change, leads to the need for a high level of strategic and corporate leadership. The need to increase leadership capacity and capability was recognised in the Council's response to the *WLGA Financial Peer Review*. This is an ongoing risk for the Council, and therefore progress in this area will be considered in the Auditor General's next Corporate Assessment.
- 28 The political fragility places a responsibility on all councillors who are entitled and expected to engage in appropriate political debate. But, they also have a duty, set out in their code of conduct, to treat fellow councillors and officers with respect and to not unduly bring the Council into disrespect. There is also a particular responsibility on political group leaders to assist by helping ensure their group members follow the code of conduct. Officers can also contribute by ensuring that information is available for committees on time and contains necessary information for councillors to carry out their roles.

Whilst there has been some progress in aspects of the people strategy, the expected completion of a Single Status Agreement has been delayed, there is no expected date for completion of a corporate workforce plan and there are some other important human resources weaknesses

- 29 The Council assessed its performance in 2010-11 against the priority 'to be a modern, caring and flexible employer with fair and equal pay and terms and conditions of employment under a *Single Status Agreement*' as adequate. The Council's Annual Performance Review notes that the individual activities that contribute to this objective and to the people strategy element of its objective to be a modern, efficient and cost-effective organisation, are mainly 'amber'. The amber status denotes that work is currently in progress but is expected to be completed behind schedule, and this status has continued in quarterly reports during 2011-12.
- 30 The Council is making progress in many areas of its programme of people management. It is seeking to implement major changes in its HR arrangements and has a very challenging agenda. Examples of progress include:
- continuing work to remove inaccuracies from HR information systems and to achieve a more accurate assessment of the number of posts and staff working for the Council;
 - improving arrangements for managing the taking on and the cost of agency workers and consultants;

- establishment of an occupational health partnership with Wrexham County Borough Council;
 - updating several key council HR policies;
 - the completion of the roll-out of Employee Self-Service to staff with computer access, so that staff can update their personal information directly onto the HR system;
 - work is well underway to introduce a similar Managers' Self-Service system during November 2011 to February 2012, so that they can enter information quickly; and
 - continued development and provision of extensive corporate development programmes.
- 31 Whilst progress is being made in these areas, the overall progress with delivery of the people management strategy has been slower than expected in many of the most important areas including:
- Establishing accurate information about the numbers of posts and staff working for the Council. This information is essential for much of the Council's ongoing and future plans, yet this is still compromised by inaccurate data, despite improvement over the last year.
 - Little progress is being made on developing corporate workforce planning and there is no clear timetable for achieving a council-wide workforce plan and development strategy.
 - The completion of work on job evaluation, Single Status and terms and conditions.
- The Council has been reviewing the structure of the HR service since 2009. The scope of the work has been changed on several occasions, and the completion date extended. The Council now plans to implement the service changes in May 2012. It is intended that the new structure will include a dedicated resource for organisational development, to support effective change management and workforce planning.
- 32 In his *Corporate Assessment Update* letter in August 2011, the Auditor General noted the progress in many areas but that the overall pace of delivery is behind schedule, with regard to people management. To support improvement in this area, he proposed that by the end of October 2011, the Council should complete a review of overall progress with the *People Strategy 2009-12*, prioritise outstanding actions and the resources necessary to achieve them, and report on this to councillors.
- 33 The review was carried out and reported to the Executive Board in November 2011. The report and revised plan to support the strategy identified four top priorities, although the timetable for these was reviewed and in some cases completion was put back. The top priorities the Council identified are:
- Single Status and Equal Pay;
 - negotiations of revised terms and conditions;
 - the organisation design change project; and
 - phase II of HR management information system (Employee and Manager Self-Service).

- 34 Other areas of work have been delayed or deferred. These include:
- the development of a graduate recruitment programme;
 - regional workforce planning; and
 - rolling out the Council's competency framework.
- 35 The review report noted that in some cases, a 'more proportionate/measured approach has been taken to deliver actions, for example, a low-key approach to introducing internal workforce planning'.
- 36 The revised plan identified that additional resources would be required for eight areas of work, and these had been secured. However, councillors were given no information about what the resources were and from where they had been secured.
- 37 In common with about half of councils in Wales, the Council has not completed a legal, acceptable and affordable *Single Status Agreement*. This process is dependent on the completion of job evaluation arrangements and is also linked to plans to negotiate reduced costs of employment through changes to employee terms and conditions. Initial work on job evaluation began in 2003. A proposed *Single Status Agreement* was withdrawn in late 2009 and a revised process started. A consultant was appointed as Project Manager and a Single Status Project Board of councillors, senior officers and trades union representatives was established in 2010 to help develop the revised agreement.
- 38 The board was initially active but the frequency of meetings has reduced, and it didn't meet between July and December 2011. The timetable for the project has slipped on a number of occasions and further delays were reported to the Executive Board and the Corporate Resources Overview and Scrutiny Committee in November and December 2011. The Council now plans to complete the work on the agreement by November 2012. The report to the Executive Board in November 2011 noted that meeting this timetable is 'wholly dependent on the full commitment and ownership of the Corporate Management Team and Senior Management, councillors across all political parties and the Joint Trade Unions as well as the appropriate resources being secured for delivery of the project'.
- 39 The Council tells us that senior officers and councillors and the trade unions now have more confidence that the Single Status project will be delivered this year. This follows the acceptance in December 2011, by the Project Board, of a new high-level plan and the later completion date. This work has led to the Council amending the level of risk it has assigned to this work, from red to amber. The amber rating means the Council recognises that the project has 'some delay in scheduled activity, but is broadly 'on-track' with 'an uncertain level of confidence in the achievement of the outcomes'.
- 40 The Auditor General will undertake additional work in early 2012 to assess the effectiveness of the Single Status project management arrangements and whether the necessary commitment, capacity and capability is in place to achieve the revised timetable.

Progress is being made but the Council has not completed work to establish a clear medium-term financial plan that fully incorporates the financial implications of its efficiencies and savings programmes in order to determine the projected shortfalls (or surplus) for future annual budgets and to put plans in place to meet them and to allocate resources to priorities

- 41 The medium-term financial plan and the asset management strategy are two of the resource strategies that contribute to the Council achieving its objective 'to be a modern, efficient and cost-effective public organisation...whilst ensuring local taxes, fees, and charges are fair and affordable'. The Council assessed its performance on this objective as 'adequate', whilst progress on the elements of developing its *Medium Term Financial Strategy*, financial management, and buildings management were assessed as 'amber' (meaning expected to be completed but behind schedule). Progress on elements of the objective related to delivering efficiencies and managing within budget, and for collection of council tax and non-domestic rates, was rated as 'green' (meaning completed or expected to be completed ahead of schedule).
- 42 In September 2011, the auditor appointed by the Auditor General issued an unqualified audit opinion on the 2010-11 accounting statements, confirming that they present a true and fair view of the Council's and Clwyd Pension Fund's (the Pension Fund) financial position and transactions. Whilst the opinion was unqualified, an emphasis of matter was included to draw attention to the nature and value of private equity investments held by the Pension Fund. A number of matters arising from the audit of financial statements were reported to members and are summarised in the *Appointed Auditor's Annual Audit Letter*, included as [Appendix 3](#).
- 43 In January 2012, based on month 7 figures, the Council forecast that it is likely to end the financial year with an underspend of £0.6 million. This is made up of a net overspend on services of £0.2 million, which is offset by a contribution of £0.8 million from central and corporate budgets. The 2011-12 budget contains £8.9 million of specific efficiencies and projections indicate that £7.7 million will be achieved.
- 44 The Council adopted its *Medium Term Financial Strategy* and initial medium-term financial plan in June 2011. This followed recognition within the Council of the need to strengthen its strategic financial planning which was reinforced by recommendations from auditors, both internal and external, and the *WGLA Financial Peer Review*. In August 2011, the Auditor General's *Corporate Assessment Update* letter said that 'by the end of 2011, the Council should complete the development of its medium-term financial plan so as to allow informed decisions on how funding pressures will be addressed and resources allocated to achieve improvement objectives'.
- 45 Since June 2011, the Council has focused its efforts on building its medium-term financial plan to provide robust estimates of the Council's financial position over a three-year window (2012-13 to 2014-15). This has included identifying both unavoidable pressures and efficiencies. In particular, it is worth noting, that following a *Flintshire*

Futures project, which reviewed and challenged budgets across the whole organisation, the Council has identified just over £2 million of further efficiencies.

- 46 The latest medium-term financial plan predicts funding shortfalls of £1.718 million in 2012-13 rising to £4.132 million in 2013-14 and £7.388 million in 2014-15. It is in this context that the 2012-13 budget is being set.
- 47 Work has also been ongoing to develop a capital strategy and 10-year capital programme and to ensure that both revenue and capital expenditure plans are fully integrated and that the revenue implications of capital expenditure proposals are understood and built into the financial plan.
- 48 In comparing the Council's current position, in understanding its financial outlook and having a clear framework to manage its resources, with this time last year, the Council has made considerable progress, albeit from a relatively low base. However, critically, there is further work outstanding to ensure the Council is well-placed to meet the financial challenges ahead.
- 49 The current focus is on setting a balanced budget for 2012-13, and in the immediate future, this is rightly the priority. However, the Council needs to, shortly thereafter, identify the specific ways in which it will meet the funding shortfalls in 2013-14 and 2014-15 to allow sufficient lead in time for more difficult decisions and plans to be actioned to yield the savings at the appropriate time.
- 50 In addition, the Council should consider whether it wants to identify a greater level of savings, than just to meet the funding shortfall, in order to allow it to redirect resources to areas of highest priority to further the achievement of its objectives.
- 51 Essentially, the Council needs to fully establish the financial implications of the *Flintshire Futures* and any other efficiency projects to assess whether they are sufficient to meet the funding shortfall and create capacity or whether other initiatives are required in addition. The Council is currently working on this.
- 52 The *Flintshire Futures Programme* is the Council's programme to modernise and reshape service delivery and respond to the challenging financial future facing local government. The programme was initially co-ordinated by a consultant appointed jointly with Wrexham County Council. At Flintshire they developed a programme which focused on two sub-programmes: a 'Change' programme to increase efficiency; and a 'Choice' programme focused on collaboration and alternative methods of delivery. An initial group of short, medium and longer-term projects was identified and an approach to structured project planning adopted.
- 53 Since then the programme has continued to develop. The contract with the consultant has ended, and the work is now managed through the part-time leadership of two heads of service, who have been appointed as assistant chief executives. The Council is also amending the approach to project planning to ensure it reduces complexities and is time-efficient. A new approach is being developed.

A total of 57 projects structured around four themes have been identified. The themes are:

- Corporate change
- Service change
- Regional collaboration
- Local county collaboration

- 54 The programme includes many projects that are being developed within services and across services. The initial aim was to identify 5 to 10 per cent savings for the Council but it is unclear what savings will be realised from individual projects. The *Flintshire Futures Programme* Team consists of officers who are seconded, mainly on a part-time basis, to support delivery of the projects.
- 55 There is limited councillor engagement with the programme although high-level reports have been provided for the Executive. The reports to the Executive have not reported the changes to the programme management and lacked specific information about the levels of savings and efficiency to be achieved by the projects or the programme. Whilst the programme is regularly referred to in budget monitoring reports, there has not been any specific report on the programme to the Corporate Resources Overview and Scrutiny Committee and no scrutiny of the programme is included in the work programme for the committee for 2011-12. Some information was included in a Workforce Bulletin in December 2011, but the programme does not have a fully developed communications strategy to ensure that effective and timely internal and external information is provided about the programme and its many projects.
- 56 The Council's *Annual Performance Report* says that all the projects are underway and have project sponsors and management arrangements in place. Following the appointment of the heads of service, there is currently a 'stock-take' taking place which is likely to lead to some projects being downgraded and a greater focus on projects with the potential to make the most difference.
- 57 In the Auditor General's *Corporate Assessment Update* letter, he said, 'it is yet not clear whether the programme has sufficient political support or the capacity for effective delivery'. Whilst the additional leadership and the stock-taking are appropriate steps forward, these concerns remain.
- 58 The Council faces significant challenges in the management of its non-domestic building stock and its housing stock. The Council accepts it has too many non-domestic buildings that are costly to maintain, have inflexible working spaces and buildings that are no longer in the right place. It has established a project within the *Flintshire Futures Programme*, to improve asset management through rationalisation of offices, agile working and the creation with partners of 'community hubs' where services can be accessed by the public. The Council's assessment is that progress on its asset management work is 'amber'.
- 59 The Council has also prepared a draft *Housing Asset Management Strategy 2012-2018* that sets out the Council's plan for maintaining its housing stock, taking into account the investment needs of homes across the county and the money available for improvements from the Housing Revenue

Account. The strategy says that a survey of the Council's homes showed that an investment of around £166 million is required to bring the properties up to the Welsh Quality Housing Standard in five years. The Council can expect to have £49 million available for capital expenditure in the same period. This funding shortfall is one factor in decision of the Council to undertake a housing stock transfer ballot, which is considered further later in this report.

The Council has improved local strategic partnership working and is continuing to develop collaborative working with neighbouring councils and through regional projects although the cost efficiencies to be achieved are, as yet, uncertain

60 The Council has an objective 'to achieve the greatest possible cost efficiencies through regional and sub-regional collaboration to reinvest in local public service'. For 2010-11, it assessed its progress against this objective as 'adequate'.

The Council is playing a key role in the development and rationalisation of strategic partnerships

61 The Council plays a key role in the local statutory partnerships: the Local Service Board; the Children and Young People's Partnership; the Community Safety Executive; and the Health, Social Care and Well-being Partnership. It has also helped lead the development of the Regeneration Partnership, the Flintshire Housing

Partnership, and the Voluntary Sector Compact. It has led the development of a governance framework for the partnerships which is being followed.

62 The partnerships are increasingly seeking to use outcomes-based accountability to consider how they will measure their achievements. It will be important to develop an outcomes-based approach so that the achievements through partnership can be assessed. At present, it is too early to evaluate the contribution that partnership rationalisation will have on delivering clearer outcomes.

63 The Council has played a significant role in developing and leading arrangements for regional rationalisation and sub-regional consolidation of the statutory partnerships. These developments are progressing well with the merger of some local partnerships and the establishment of a regional Safer Communities Board. The Council has also played an important role in the development of the first joint Flintshire and Wrexham *Community Safety Partnership Plan 2011-2014*. A project group was established in June 2011 to explore options for collaboration and merged arrangements for Flintshire and Wrexham Youth Justice Services and this work is progressing.

64 Regular reports on partnership arrangements are provided for the Executive Board. The Community Profile and Partnerships Overview and Scrutiny Committee was created in 2010-11 to 'consider the Council's relationships with other public service providers and our partners'. During 2010-11, the committee held meetings with the North

Wales Police, Glyndwr University and the North Wales Fire and Rescue Service. It has also considered update reports on partnership work and specific reports on projects and developments.

Local Service Board projects are developing

- 65 The Local Service Board has had a Carbon Reduction and Adaptation Planning project since 2009. The Council was also one of four councils chosen to be part of a Climate Change Adaptation Planning pilot project, supported by the WLGA, Welsh Government, Environment Agency, Countryside Council for Wales, and the UK Climate Impact Programme. Through this pilot project, the Council has worked with the Local Service Board to identify the shared climate change risks for the Council and its partners in Flintshire.
- 66 The Council is also working with partners on the Local Service Board project on preventing and reducing poverty and disadvantage, which is focusing on benefit and debt advice. It is seeking to provide improved access for citizens to advice and other support.

Collaboration with neighbouring councils in delivery of services is increasing

- 67 The Council has increased local collaboration with neighbouring councils. Developments include:
- the Council providing a joint occupational health service for itself and Wrexham County Borough Council;
 - the Food Waste project with Denbighshire and Conwy councils which has identified a preferred bidder to deliver the project;

- a joint Wrexham and Flintshire Local Safeguarding Children Board, established in April 2011;
- a North East Wales Emergency Duty (social work) Team for Wrexham, Denbighshire and Flintshire councils;
- a 'purchase to pay' (P2P) e-procurement system is being jointly procured with Wrexham Council; and
- the Council has entered into a joint management arrangement with Denbighshire County Council for the management of a procurement service.

- 68 The Council is the host body for the North East Wales Play Community Project (NEW Play) which is a multi-agency partnership developing an infrastructure for children's play space and delivering play activities across Wrexham, Denbighshire and Flintshire. The NEW Play project will employ eleven staff funded for three years from July 2011 through the Big Lottery Fund *Child's Play Programme*.

Regional collaboration projects are being developed

- 69 With other councils in North Wales, Flintshire is part of the North Wales Regional Leadership Team and is involved in four programme boards, each of which has a number of projects for regional collaboration (see [Exhibit 1](#)).

Exhibit 1: Regional collaboration projects

The four regional programme boards are developing a range of projects

Programme board	Progress
Education and Related Services	<ul style="list-style-type: none">• School Improvement Service (A second phase is expected to extend the scope of the service)• Collaboration in Library Services
Social Care and Health	<ul style="list-style-type: none">• Commissioning Hub• Supporting People Services• Telecare• Workforce Development• ICT support for client records (PARIS and RAISE)
Environment and Regulatory Services Board	<ul style="list-style-type: none">• Fleet Management• Transforming Transport• Waste• Taith Extension• Economic Development
Support Services	<ul style="list-style-type: none">• Legal Services• ICT• Procurement• Single Person Discounts• Emergency Planning

- 70 The Council is continuing to play a leading role in the North Wales Residual Waste Treatment Project. The project is progressing well and is currently in the process of identifying a preferred bidder to deliver a residual waste treatment provision for five North Wales councils.
- 71 Flintshire is the lead council for the Shared North Wales Minerals and Waste Planning Service which became operational from April 2011. A report on progress and lessons for future collaborative services was presented to the Executive in November 2011. The financial benefits of the service are to be reviewed after the first year.
- 72 The North Wales Adoption Service for all six North Wales councils was established from April 2011.

The Council is working towards meeting the requirements of the Equality Act 2010 and to address weaknesses in implementing its Welsh Language Scheme

- 73 Under the public sector duties of the *Equality Act 2010* all public bodies are required to set equality objectives by April 2012 and publish a strategic equality plan. We found mixed awareness of the *Equality Act 2010* amongst senior officers. However, work is being undertaken by the Council to engage stakeholders to identify and prioritise local equality objectives.

- 74 The *Annual Performance Report* and the Council's *Annual Equality Report 2010-11* identify a wide range of equalities actions that show the Council's commitment to achieving its equalities objectives.
- 75 Equalities impact assessments have been introduced and some full assessments have been undertaken, although these are not yet consistently completed and the quality of the assessments is varied.
- 76 The Welsh Language Board and the Council have identified eight priority areas that require action to enable the Council to address fundamental weaknesses and risks in implementing its *Welsh Language Scheme*. The Welsh Language Board says 'the Council has made progress in all eight areas, but a significant amount of work remains to be done to achieve the requirements of the Scheme, particularly in relation to business planning, performance management and the implementation of a *Welsh Language Skills Strategy*. The board praised the Council for assessing the language requirements of all public-facing posts. Although the number of Welsh speakers that currently occupy those posts designated 'Welsh essential' is low, the Council is committed to filling the posts with Welsh speakers when they become vacant.' The Council is undertaking an assessment to inform actions to be taken in 2012-13 to address issues in business planning, performance management and other areas identified.

Work is planned to develop an improved corporate approach to public engagement

- 77 The Wales Audit Office undertook a review of arrangements for public engagement in Flintshire as part of an all-Wales study. The findings were reported in the Auditor General's *Corporate Assessment Update* letter in August 2011. The conclusion was that 'whilst there are positive examples of consultation by some services, the Council's corporate approach to engaging with the public is underdeveloped and does not follow a coherent methodology. The Council is not consistently using evaluation to improve the effectiveness of its consultation or of service delivery.'
- 78 As a result, the Council has endorsed the new *National Principles of Public Engagement in Wales* developed by the Welsh Government and Participation Cymru (a partnership of public and third sector organisations) and is planning to develop an improved corporate framework for public engagement. It is awaiting the publication, in early 2012, of the Wales Audit Office national study on public engagement and associated good practice.

The Council is progressing with changes aimed at improving customer access although it is at an early stage, and the extent of benefit and the value for money is not yet clear

- 79 The Council's objective 'to achieve the highest standards of customer services and care through our customer services strategy' is to be met through:
- the introduction of 'Flintshire Connects' (customer access points);
 - a 'Channel Shift' project to enable customers to switch to using self-service forms of business, such as transaction via the Council's website; and
 - improving customer services through the development of customer contact centres such as the Streetscene customer contact centre.
- 80 The Council assessed its overall progress on this objective in 2010-11 as 'good' although some aspects of the priority were 'amber' meaning they were progressing but behind schedule. By mid 2011-12, all three main elements were assessed by the Council as making good progress with full confidence in the likelihood of achieving the intended outcomes.
- 81 Workshops for councillors have been held on these developments and the Executive Board has agreed to the location of the first Flintshire Connects facility in Holywell. However, the Council has not yet set out the clear business cases for the Flintshire Connects project showing the full costs and

benefits of the project, the specific outcomes that can be expected, and the success measures that will be used to assess the effectiveness of the developments.

- 82 The improvement plan 'outcomes' for this objective are actions (for example, 'introduce the first phase of the Flintshire Connects programme'), not outcomes, and lack suitable success measures against which improvements for citizens can be assessed. The Council is continuing to work on the development of outcome-based success measures. A benefits realisation exercise for the Flintshire Connects project is being carried out for completion by the end of February 2012.
- 83 Flintshire Connects and the 'Channel Shift' development have become two projects within the *Flintshire Futures Programme*. The Council intends to produce six Flintshire Connects facilities and Holywell has been identified as the possible location for the first facility with an anticipated opening in June 2012. The Holywell facility is being planned with involvement from North Wales Police, Communities First and Deeside College.
- 84 The Council has undertaken visits and exercises to help develop the vision and learn from other contact centres in Wales and in England. However, the information provided to councillors does not indicate the benefits achieved for customers or the costs of the different centres visited.
- 85 A report for the Executive Board on the proposed development indicated that the first facility would require £275,000 capital and additional initial revenue expenditure. At present, it is estimated that there may be additional revenue costs of £75,000 in the first year of the project but that over a five-year period total staffing savings of £300,000 might be achieved. The limited financial information appears very provisional and an insufficient basis for the business case for such a major development. The Council believes that the benefits realisation exercise, and the experience of developing the first centre at Holywell, will inform the financial planning of other centres.
- 86 The Channel Shift project is at a very early stage of gathering data and information. The intention is to encourage residents contacting the Council to shift from face-to-face contact to telephone or the website.
- 87 The Council is progressing with the development of a contact centre for handling all telephone calls about the Streetscene service. It is expected that the contact centre will begin early in 2012.
- 88 The *Customer Services Strategy 2010-13* was agreed in May 2010 and presents high-level objectives as well as outline proposals. The strategy highlights the need for the Council to 'understand the needs of our customers better and ensure that our plans are in tune with their needs'. It says that 'as well as how customers want to access the Council we also have to understand:
- When they prefer to contact us
 - Why they are contacting us
 - What they are contacting us about'

- 89 The Council has been undertaking some work to develop its understanding of its 'customers' and their changing needs but what it has learned and how this will influence the pattern of developments to improve access to services has not yet been reported.
- 90 The strategy highlights the average costs of face-to-face, telephone and online transaction costs in England and Wales and has used these as the basis for its proposals. However, the costs that apply for Flintshire have not been calculated and the Council considers that it would be very difficult and counterproductive to do so. The Council believes that implementation of the proposals in the customer services strategy will allow for improvements in measuring the cost of contact. The ability to understand the costs of services will be an important aspect of decisions on the future arrangements for customer contact. This will apply to the Flintshire Connects facilities and the Channel Shift projects.

There is good progress in some priority areas but elsewhere progress is mixed and some services are not yet delivering provision at the expected levels

91 The conclusion from our reviews of how the Council is delivering improvement in priority areas is that there is good progress in some priority areas, but elsewhere progress is mixed, and some services are not yet delivering provision at the expected levels of service.

There is mixed progress in achieving improved support for people in need but significant developments are underway in adult social care and housing services

92 This section covers how well the council is delivering improvement in its support for people in need. The Council's main objectives to support people in need are:

- to promote independent, healthy and fulfilled living in the community with the highest-quality personalised and supportive social and health care services;
- to meet housing need in the county and to work with partners to ensure a sufficient supply of quality and affordable homes and housing services in the social, mixed tenure and private sector housing markets; and
- to protect and grow the local and regional economy, to be a prosperous county and to provide help and support for those vulnerable to poverty.

93 The Council appointed a new Director of Community Services, who started in July 2011, after an 18-month period in which the vacant post was covered by the Chief Executive and the three heads of service. The director's responsibilities include the statutory role of Director of Social Services and overall leadership of social services and housing services.

The Council is seeking to address weaknesses in and to develop both adult and children's social services, and has adopted a plan for transformation of adult social care

94 The Council assessed its performance in 2010-11 in promoting independent, healthy and fulfilled living with the highest quality social and health care services as 'adequate'.

95 The CSSIW provides an annual review and evaluation for each council in Wales following the submission of a report by the Director of Social Services. The overall summary from the CSSIW review for 2010-11 said:

- 'There is strong commitment to collaborative working and in exploring new ways of delivering services. Children's services has continued to develop improved ways of engaging with children and young people, whilst adult services have embarked on a programme of transformation in continuing to shift the focus to prevention, promoting independence and reablement.
- However, this is a testing time for the Council with significant challenges in the year ahead.
- For adult services in particular, changes in the health board structures in North Wales and the creation of the Betsi Cadwaladr University Health Board has affected local momentum, but there are signs that this is improving. Greater clarity of longer-term commissioning intentions for learning disability services is required and this remains a priority.
- A number of key performance indicators in children's services reveal that some of the care management processes require sustained attention in order to deliver the

best outcomes for children and young people. Despite some progress, too many have not reached the standards previously set, with a number falling significantly. It is recognised that the incorporation of the PARIS information system into practice affected the accuracy of recording earlier in the year, and that this has impacted upon overall performance indicator reporting. The educational achievement of looked after children has improved, but this needs further attention and should remain a key priority for the Council.'

Adult social services are facing a testing time but a plan for transformation has been agreed

- 96 Since the appointment of the new director, the Council has increased its actions to address weaknesses in adult social care service in the short and long term.
- 97 The Council's *Annual Performance Report* notes that:
- *Good Health, Good Care in Flintshire 2011-14*, the next health social care and well-being strategy has been approved; and
 - the number of users of the reablement service has increased as did the percentage of carers assessed and provided with a service.
- 98 The report acknowledges that, in 2010-11, slower progress was made in supporting people through direct payments and in achieving improved delivery of adaptations.

99 The CSSIW review and the Council's quarterly performance reports for 2011-12 identify a number of service areas for adults where performance is below expectations. To increase the pace of change towards a focus on prevention, promoting independence and reablement the Council has agreed a 'Transforming Social Services for Adults' (TSSA) plan.

100 During the first half of 2011-12, the adult care service has made savings of approximately £250,000 through vacancy management. Managers are taking on additional work to mitigate the impact. It has been reported that these vacancies will remain and contribute to the flexibility required for TSSA, both through service redesign and efficiency savings.

101 A number of other actions are also expected to contribute to improvement:

- A review of the service user journey through adult social care services is being undertaken using 'Lean' methodology and is due to be completed by February 2012.
- The Council is following an 'improvement target action plan' to focus attention on key areas of performance.
- The Council is also involved in the plans to develop a regional commissioning, procurement and monitoring hub for high-cost, low-volume residential care in the following service areas:
 - Children's Services
 - Learning Disabilities
 - Physical Disability and Sensory Impairment
 - Mental Health

- In mid 2010-11, the Council has reported that work is progressing ahead of schedule with modernisation and expansion of the warden service. The recommendations to pilot an expanded service have been approved by councillors with a six-month pilot starting in November 2011.

Some progress has been made in Children's Social Services, but the Council acknowledges that further improvement is needed

- 102 The Council's *Annual Performance Report* shows mixed progress in children's services. Its performance report for mid 2011-12 shows many actions and indicators are assessed as 'amber' meaning activity is in progress but behind schedule.
- 103 The CSSIW review noted positive work with young carers and that regular internal reviews were carried out to test compliance with assessment and care management policies and procedures. But, the CSSIW also said:
- 'care management, particularly of looked after children needs to improve;
 - assessment, planning and timely reviewing of cases of children in need is an essential means of safeguarding and preventing potential escalation of difficulties and consequently requires immediate and ongoing improvement; and
 - there is further work required to improve the quality of data, which is still not completely accurate and reliable.'
- 104 The CSSIW review also noted 'that the Speaking Out for Children in Care Group and the Care Leavers' Support Network are established and used effectively to review and improve services. The *Pride of Flintshire*

Awards event is highly regarded and celebrates the achievements of looked after children.'

- 105 The merger of the Flintshire and Wrexham Local Safeguarding Children Boards became effective from April 2011. Progress is being reported to the Council's Social Care and Health Care Overview and Scrutiny Committee, and will also be will be subject to ongoing monitoring and review by the CSSIW.
- 106 The CSSIW will be inspecting children's assessment and care management arrangements in March this year.
- 107 In mid 2011-12 the Council has reported good progress with improving arrangements for out-of-county placements for children. This has led to a forecast that there will be an underspend in the budget for placements.

The Council is making reasonable progress in meeting housing need but it acknowledges that further improvement is needed

- 108 The Council has assessed its performance in 2010-11 as 'adequate' for its objective 'to meet housing need in the County and to work with partners to ensure a sufficient supply of quality and affordable homes and housing services in the social, mixed tenure and private sector housing markets'. Most of the specific actions assessed were rated as 'amber' meaning that progress was being made but behind schedule.
- 109 The priorities for this objective have been:
- to deliver an affordable housing supply through the affordable housing strategy;
 - to make a marked and rapid improvement in the quality, flexibility and performance of

- housing management and repairs and maintenance services and to improve the financial performance of the Housing Revenue Account; and
- to determine the future of the Council's housing stock through a tenant ballot and a strategy to achieve the Welsh Housing Quality Standard.
- 110 The Council is making progress in all these priorities but continues to face significant challenges.
- 111 The Council's performance in providing affordable housing in 2010-11 was close to the average for Wales, although below the targets the Council had set for itself. In addition to its own continuing work to provide affordable properties in the county, the Council is also working closely with other councils and partners. These include:
- A joint review of the local housing strategy in conjunction with Wrexham County Borough Council – and a joint consultation event was held in November 2011.
 - A 'Common Access Routes to Housing' Project involving Conwy, Denbighshire and Wrexham Councils, in addition to the registered social landlords active in the area.
 - Glyndwr University has commenced a joint Local Housing Market Assessment update. This was commissioned jointly with Wrexham Council.
 - A regional housing register and common allocations policy is being developed and currently involves Flintshire, Wrexham, Denbighshire and Conwy Councils in addition to several registered social landlords.
- Procurement of loans administrator – this is a collaborative project involving Flintshire, Denbighshire and Gwynedd Councils.
- 112 There has been progress with improving many aspects of landlord services including dealing with urgent repairs. However, performance in addressing voids (empty properties), rent arrears and non-urgent repairs is still below expected levels.
- 113 The Council has made continued progress towards a housing stock transfer ballot. Whilst the timetable has slipped, at the end of November 2011 the Council agreed to proceed with the 'stage 1' consultation beginning in January 2012. Subject to the consultation, it is intended the ballot should go ahead in February and March 2012. This will be an important step in improving the quality of the housing stock.
- 114 There has been good consultation with tenants about their priorities for improvement. The Council has agreed and published plans for £49 million of expenditure on the housing stock in the five years from 2013 if tenants decide to not transfer to Dee Housing, a new not-for-profit registered social landlord. If tenants decide to transfer to Dee Housing, £166 million would be spent on the stock in the same period.
- 115 Despite this work, the Council forecasts that only 26 of its houses will fully comply with the Welsh Quality Housing Standard by 2020. Flintshire is one of only three councils in Wales which is forecasting that its stock will not be fully compliant with the standard by the end of the decade.

The Council has made some progress in the support it is able to offer people who are vulnerable to poverty. But the Council still faces significant challenges in delivering these services, and more could be done to co-ordinate activities

- 116 Part of the Council's improvement objective 'to protect and grow the local and regional economy, to be a prosperous county and to provide help and support for those vulnerable to poverty' is related to the 2010-11 priority to reduce extreme poverty and make the best use of local resources to provide advice and extend benefits take-up.
- 117 The Council's *Annual Performance Report* indicates the status of this work is 'amber' meaning that progress is being made but behind schedule. It refers to the Council and its partner organisations developing work through the Local Service Board on the theme of 'maximising income' for people.
- 118 The Local Service Board work aims to improve the provision of welfare advice from different agencies and to achieve a more co-ordinated service. A pilot service started in October 2011 and an 'outcomes based accountability' approach is being used. However, the success measures have not yet been set for this work.
- 119 The Council's own Welfare Advice Casework Service has supported an increased number of people. In the first half of 2011-12, the service helped Flintshire residents with benefits claims and tribunals to obtain £1.3 million. The Money Advice Caseworker Service also provided help to more people who faced possible homelessness as a result of debts.
- 120 The performance of the Council in administering council tax and housing benefits plays an important part in the Council's work to support people in need and reduce poverty. Significant concerns were raised by the Wales Audit Office in 2010 about the administration of benefits and the grant claims made for recovery of benefits. The Council has worked with the Department of Work and Pensions Performance Team to review and streamline processes. Good progress has been made and audit work on the 2010-11 housing and council tax benefit subsidy claim identified significantly fewer issues. There has been substantial improvement in the performance of the benefits service.
- 121 The Council has identified that the planned national welfare reforms will present a further significant challenge to efforts to reduce poverty. The Council's *Improvement Plan 2011-12* has altered the focus of the 'poverty' aspect of the improvement objective to include managing welfare reform. The main sub-objectives are now to:
- implement the Families First initiative;
 - work on a North Wales approach to develop a shared methodology to determine care fees in the future; and
 - develop a strategy to manage the impacts of welfare reform (in conjunction with the Local Service Board project).
- 122 These actions are wrongly described as 'outcomes', as these are actions or tasks. Appropriate outcome measures have not yet been agreed.

123 The Families First initiative has been implemented across Flintshire, Wrexham and Denbighshire, bringing additional resource to family support services and new models of intervention and is progressing. Its principal focus is on supporting families through interventions at the preventative and protective stages. The programme aims to drive improvements to family support design and delivery and, in so doing, reduce the numbers of families developing more complex needs and thus requiring more intensive and costly interventions.

124 The Auditor General's *Annual Improvement Report* covering 2009-10, which was published in January 2011, noted that 'not enough has been done to bring together the many ways in which the Council can contribute' to tackling poverty. This remains an issue. However, the proposed Welfare Reform Strategy will link together all the various anti-poverty initiatives that the Council and its partners are currently managing. The strategy will aim to 'implement a long-term strategic approach to promote the positives and mitigate the negatives of the welfare reforms upon Flintshire's residents, local communities, service providers and the local authority'.

The performance of pupils is below the expected levels in some aspects of education whilst standards and prospects for 14 to 19 year olds are good. Significant developments taking place in leisure and play services but risks remain

125 This part of the report sets out how well the Council is improving the way in which it helps people to develop. Overall, we found the performance of pupils is below the expected levels in some aspects of education whilst standards and prospects for 14 to 19 year olds are good. There are significant developments taking place in leisure and play services but risks remain.

126 The Council's improvement objective is 'to secure a modern and high performing range of learning, cultural, play and leisure opportunities for all ages with our schools, colleges and other partners'. The Council assessed its performance for this objective in 2010-11 as good. Most of the sub-objectives were assessed as 'green', meaning that targets had been met or actions completed. The exceptions were for primary school modernisation (amber), secondary school modernisation (red), the Leisure Strategy (amber), and risks to the future viability of the Clwyd Theatr Cymru (amber).

127 In October 2011, Estyn carried out an inspection of local authority services for children and young people, and the summary of their findings is below.

128 Estyn reported that 'elected members have not worked satisfactorily to reorganise secondary schools, reduce surplus places and make better use of resources'. In

December 2011, the Council approved the options for the area reviews of secondary school provision in the Holywell, Queensferry/Connah's Quay and Buckley/Mynydd Isa and Mold areas. The public consultation process, which had been halted in August 2011, is to be reopened in February 2012.

- 129 The performance of pupils in Flintshire was ranked first in Wales for the proportion achieving five GCSE passes at grades A*-C including English/Welsh and mathematics in 2010 and 2011. However, when contextual information, such as the proportion of pupils entitled to free school meals, is taken into account too many schools perform below expected levels.

Estyn has assessed the performance of pupils as below expectation in some aspects of education

- 130 Estyn has made the following assessment of the education performance of pupils:

- 'When contextual information is taken into account the performance of pupils in Flintshire, in 2011, is slightly below average in key stage 1 (age 7) and average in key stage 2 (age 11). In key stage 3 (age 14), performance is well below average. At key stage 3, three-quarters of Flintshire secondary schools are below average and one-third are in the bottom quarter for their performance. There have been too many schools in the bottom 25 per cent over the last two years and too few schools in the top 25 per cent. Performance at key stage 4 (age 16) is above average on three of the five measures and below average on the other two.

- The Welsh Government sets expectations for performance based on free-school-meal entitlement. Flintshire has met only one out of nine of these expected benchmarks for the three years to 2010. Benchmark information for 2011 is not yet available.
- Attendance in secondary schools is good. Rates have remained high over the last three years and are the highest in Wales. Attendance in primary schools is above the Wales average although the trend over the last three years shows a decline. There are few permanent exclusions from most schools in Flintshire. However the rate of fixed-term exclusions is too high and these learners miss too many days of school.'

Estyn judged the education services for children and young people and their prospects for improvement as adequate

- 131 Flintshire was inspected by Estyn, the education and training inspectorate for Wales, in October 2011. Inspectors judged that 'the local authority's education services for children and young people are adequate because:

- Since 2007, performance in Flintshire schools has improved at a similar rate to that of Wales in key stages 1, 2, and 3. In 2011, the percentage of pupils gaining the core subject indicator (CSI – the expected performance in English, or Welsh, mathematics and science in combination) was above the average for Wales. In 2010, performance at key stage 4 improved at a faster rate than that of Wales as a whole on four of the five main indicators.

- There are few permanent exclusions.
- The authority works well with a range of partnerships including the Local Service Board, Youth Offending Team, Children and Young People's Partnership, 14-19 network, and with other neighbouring authorities.

However:

- Overall standards are adequate. In 2011 at key stage 3 three-quarters of Flintshire secondary schools are well below average and one-third are in the bottom quarter for the core subject indicator. There have been too many schools in the bottom 25 per cent over the last two years and too few schools in the top 25 per cent.
- In 2011 performance at key stage 4 declined on three indicators.
- In key stages 1, 2 and 3 the gap in performance between boys and girls is wider than that across Wales.
- The local authority does not perform to expected Welsh Government benchmarks when compared to similar authorities on free school meal rankings in key stage 1 and in key stage 3. It has average performance at key stage 2. At key stage 4, the authority has only met or exceeded its expected benchmarks once in the last three years. This is an important area for improvement.
- There are a range of areas requiring improvement in the primary sector, including declining attendance, behaviour, quality and standards, and financial management.

- Too many schools require some level of follow-up activity after Estyn inspections, including one primary school being placed in significant improvement and another in special measures.
- Elected members have not worked satisfactorily to reorganise secondary schools, reduce surplus places and make better use of resources.

132 Inspectors judged that the local authority has adequate prospects for improvement because:

- standards declined in 2011 on three key stage 4 indicators;
- the pace of securing improvements is often slow;
- it is not clear how the authority will address all the areas for improvement it identifies in its self-evaluation report; and
- elected members have been unwilling to act strategically in the needs and interests of children and young people, particularly with regard to their secondary school modernisation strategy.

However:

- senior officers have recently put new initiatives in place to improve the performance of pupils in receipt of free school meals and vulnerable pupils; and
- the authority is establishing good working relationships with five other authorities in the North Wales regional consortia to establish a regional school effectiveness service.

133 Inspectors recommended that, in order to improve, the authority should:

- Improve standards and performance to reduce the percentage of schools that are in the bottom 25 per cent when compared to similar schools across Wales and reduce the gap in performance between boys and girls.
- Improve the standard and quality of provision in primary schools by:
 - addressing a trend of declining attendance;
 - reducing fixed term exclusions; and
 - reducing school balances and deficits in line with national guidelines.
- Improve how senior officers and all elected members work together to:
 - improve standards for all learners;
 - improve self-evaluation and reporting to members; and
 - reorganise secondary schools, reduce surplus places and make better use of resources.
- Reduce the number of days' education that learners in Flintshire miss due to fixed term exclusions of six days or more in all of its secondary schools.
- Improve the monitoring arrangements for the Children and Young People's Partnership to effectively track the progress of children and young people.
- Prioritise all areas for improvement identified in its self-evaluation of education services.'

In January 2011, Estyn found the current provision for 14 to 19-year-old learners in Flintshire, and the prospects for improvement, were good

134 Estyn carried out an area inspection for Flintshire in January 2011 which examined:

- the quality and availability of a specified description of education or training for persons who are aged 15 or over;
- the standards achieved by those receiving that education or training; and
- whether the financial resources made available to those providing that education and training are managed efficiently and used in a way which provides value for money.

135 Estyn found that the area's current provision of learning for 14 to 19-year-old learners in Flintshire was good because of:

- good attainment of 14 to 19-year-old learners;
- high levels of learner participation, attendance rates, and the high proportion of 16 year olds continuing in education and training or moving on to employment;
- developing collaboration between schools and other sectors to widen the range of courses on offer to learners;
- well-developed partnership working to provide a wide range of non-formal and informal learning activities; and
- good-quality support for learners, targeted to meet specific needs and providing learners with informative advice on the options available to them.

136 The area's prospects for improvement were good because of:

- a strong commitment by partners and stakeholders to partnership working, built on firm foundations through extensive consultation and engagement;
- a clear understanding of the challenges that lie ahead and a strong commitment to changing the current pattern of provision at post-16;
- a good track record in developing collaboration between providers and sectors;
- well-developed quality assurance procedures, resulting in a clear and accurate understanding of current performance and areas in need of improvement; and
- the way self-evaluation processes inform improvement planning.

137 Inspectors recommended that, in order to improve, the local authority and providers of education and training need to work together to:

- rationalise provision for 16 to 19-year-old learners to eradicate unnecessary small classes and duplication;
- secure further improvements in the attainment of learners in schools at key stage 4 and especially post-16;
- continue to extend post-16 Welsh-medium provision in Deeside College and North Wales Training, and increase participation levels, so that more learners continue with Welsh-medium learning and assessment at post-16;

- extend across all providers the good practice in the quality assurance of collaborative provision; and
- develop further the way the network centrally collates and uses data and other information to inform strategic planning and to facilitate the evaluation of impact and progress.

Significant developments are taking place in aspects of play, leisure, and culture, but some risks remain

138 There is good progress in improving leisure facilities but financial risks remain. The Council's Partnering Agreement with Alliance Leisure Services Ltd (a private sector provider of leisure services) is leading to significant improvement in the quality of leisure facilities in the county. The cost of the improvement is funded through the increases in income from increased usage of the leisure centres. The Council and its partner have worked well to deliver the improvements in leisure facilities, and there is increased usage at Deeside Leisure Centre, where most improvement work has been completed.

139 The Council's mid 2011-12 performance report notes that there is a projected in-year Leisure Services overspend of £180,000. Overall usage of the leisure centres (excluding the renewed indoor facilities at Deeside Leisure Centre) had reduced. At three centres, the Council reduced reception staffing to achieve savings. This meant users have to pre-book and these centres have since seen a larger-than-average reduction in usage. The Council has assessed that there is now a new strategic risk for 'leisure – revenue funding' which is rated as 'red'.

140 The 'Sport Flintshire Team' at the Council has been recognised as being the best team of its kind in Wales – and the fourth best in the UK in the summer/autumn 2011. The team delivers sports and active recreation activities and opportunities. This excellent achievement has been attained through the Quest accreditation scheme – the industry standard for sport and leisure across both the public and private sectors.

141 The Council and other partners have been awarded Big Lottery grant funding for the NEW Play project. The project will be delivering peripatetic play provision across Flintshire, Wrexham and Denbighshire, targeting 15 play deprived communities over a fixed three-year period.

142 The Council's *Play Strategy* was approved in July 2011, but elements of the strategy are not adequately funded. The Council has reported that the long-term viability and sustainability of the Play Unit's current service provision is at risk, both in terms of fixed play equipment and community play work. The annual repair and maintenance budget for play areas is insufficient for the long-term sustainability of the sites. Match-funding arrangements for 2011-12 have been agreed with a number of town and community councils to fund refurbishment of 18 play areas. However, this is a small proportion of the total 178 sites. The possible ending of Welsh Government Cymorth funding in March 2012 will have severe implications regarding the delivery of future community play work.

143 During 2010-11, the Council approved a report on the Clwyd Theatr Cymru, together with updated governance arrangements for the theatre and business plan for 2011-12. The Council-owned theatre receives approximately £1 million funding per year from the Council, and funding from the Arts Council Wales. Significant development work is required to maintain the theatre building and, as a result of this, a new strategic risk entry for the Council's risk register was agreed. The risk is rated as 'amber'. A feasibility study for the development of the theatre is to be carried out.

The Council is addressing challenges and delivering improvements to help create and maintain a safe, prosperous and pleasant county

144 This part of the report sets out how well the Council is improving the way in which it creates and maintains the area as a safe, prosperous and pleasant place. The Council's objectives are:

- to make our communities safe and to safeguard the vulnerable, with children and older people being priority groups;
- to protect and grow the local and regional economy, to be a prosperous county and to provide help and support for those vulnerable to poverty; and
- to protect, plan and develop sustainable natural and built environments.

The Council is making good progress in helping make communities safe

- 145 The Council assessed its progress in making communities safe as 'good'.
- 146 Reasonable progress is being made in most aspects of the Public Protection Service and in 2010-11 the Council inspected all high-risk businesses that were due for a programmed inspection. This included all four categories of inspection – trading standards, food hygiene, animal health and health and safety.
- 147 The Council's mid 2011-12 performance monitoring report suggests the Council is on track in 2011-12 to meet most targets, except for health and safety inspections. The lower performance for health and safety inspections is reported as due to the need to undertake reactive work and because vacant posts within the service have reduced the number of officers available to undertake the work. The Council has been active in taking prosecutions where necessary and has made successful prosecutions in relation to trading standards, animal health and noise nuisance offences.
- 148 The Council's Community Safety Partnership has recently worked with Wrexham's Community Safety Partnership to develop the first joint Flintshire and Wrexham *Community Safety Partnership Plan 2011-14*. This sets out the strategic community safety priorities for both areas, and reflects the views of residents in the communities.

- 149 The Council and its partners have been working together to align the planning cycles for each organisation on community safety matters. This helps to target resources more efficiently and to address shared priorities.
- 150 Generally, crime and anti-social behaviour is reducing in Flintshire. However, residents remain concerned about crime, anti-social behaviour and substance misuse. The Council has also had a leading role in the development of a regional Safer Communities Board, which will take a key role in developing regional community safety policy and strategy.

The Council is playing a positive and effective role in work to develop the local and regional economy

- 151 The Council has assessed its progress in 2010-11 in promoting the economy as good.
- 152 The county has a strategically important position in the economy for Wales and the north-west of England and the Council is actively engaged with economic development partners. It is a respected partner, and has been able to play a leading role in helping Welsh and UK Government engagement with the business community in the area.
- 153 The Executive Board and senior officers have shown a high level of engagement and commitment to the objective of developing the local and regional economy. This engagement has contributed to the decision that there should be a new enterprise zone, the Deeside Growth Zone, focused on advanced manufacturing from April 2012. The Council will work with partners to set out a programme

to secure investment and jobs in the area. The Council has played a leading role in the Flintshire Regeneration Partnership and in the successful *Flintshire Business Week* events.

- 154 Town plans are being developed for each town in the county and the *Rural Development Plan* is also guiding projects in rural areas. Town plans for Buckley and Shotton/Connah's Quay have been completed.
- 155 The economic downturn is having an impact on the county with rising unemployment amongst 18 to 24 year olds. However, major investments, such as the planned £350 million Airbus North Factory, will continue to bring employment to the area.

The Council is making good progress in service changes to improve its services to protect the environment

- 156 The Council assessed its performance in its objective 'to protect, plan and develop sustainable natural and built environments as good'.
- 157 After a review of services, the Council has developed an integrated 'Streetscene' service which is a joined-up approach bringing together a number of services that are important in maintaining the local environment. This initiative has the potential to deliver a much improved, customer-facing service. In September 2011, a ballot of trade unions' members rejected proposals for operation of the service, and discussions are being held to resolve matters. The Council plans that the new service will go 'live' in early 2012 and this will be supported by a new customer contact centre.

- 158 Data for 2010-11 suggests that the Council's performance was poor for the percentage of municipal waste recycled, good for the percentage of waste prepared for reuse, and close to average for other measures. The Council has introduced changes to its domestic waste collection arrangements, which are intended to improve the efficiency and effectiveness of the service. There have been some initial problems with ensuring that residents understand and accept the new service. It is too early to assess the impact of the changes on the levels of recycling and other indicators of the effectiveness of the service.

- 159 The Council continues to lead the North Wales Residual Waste Treatment Project and to pursue long-term solutions to waste management.

- 160 The Council has adopted its Unitary Development Plan and will shortly start work on the Local Development Plan after obtaining approval from the Welsh Government for its delivery programme.

The Council is continuing to develop its performance monitoring arrangements but weaknesses remain in outcome measures, reliability of information and in some aspects of reporting and evaluation

161 This section considers how well the Council is evaluating and reporting on its performance and its arrangements to deliver improvement. We found that the Council is continuing to develop its performance monitoring arrangements but weaknesses remain in outcome measures, reliability of information and in some aspects of reporting and evaluation.

The lack of outcome based success measures for some objectives and weaknesses in data reliability weaken the Council's performance management arrangements

The Council is making progress in developing its arrangements for self-assessment and reporting on its improvement objectives but weaknesses remain

162 Councils in Wales are required to undertake self-assessments through a number of specific reports in addition to the ongoing process of performance monitoring and management. Specific self-assessments include:

- the publication of an annual report on performance under the Measure;
- the annual report of the Director of Social Services;
- the review of governance that contributes to the *Annual Governance Statement*; and
- self-evaluations required for regulatory inspections such as Estyn.

163 The Council approved its *Annual Performance Report* on 26 October 2011 and published it on its website in late November 2011. The report:

- includes an assessment of performance under the 10 improvement objectives for 2011-12 and show how these relate to the 40 priorities for 2010-11;
- shows how the Council is discharging its general duty to make arrangements to secure continuous improvement;
- makes reference to national and local performance indicators and uses a wider set of information to make its assessment; and
- includes comparative information with previous years and other Welsh authorities.

164 The Auditor General has determined that through the *Annual Performance Report* the Council has discharged all of its duties in relation to publishing improvement information under the Measure, except the requirement to publish the report by 31 October. However, the Council should do more to follow Welsh Government guidance, specifically in:

- providing a more consistent use of comparative information – whilst comparative ranking is given for all NSI and core indicators where the Council is ranked in the top and bottom three performers, in the sections on the improvement objectives comparative information is more likely to be given where the Council performs well than for other indicators;

- providing information about how it has considered whether to collaborate and whether collaboration has achieved its intended outcomes; and
 - providing clearer information about the steps the Council will take in the light of its assessment.
- 165 The Council had not developed clear measures of success or a reporting framework for many of the priorities adopted in 2010 (these priorities and the subsequent objectives agreed for 2011-12 are set out in [Appendix 4](#)). Consequently, the *Annual Performance Report* has used the 2011-12 improvement objectives in the report whilst indicating which of the 2010-11 priorities these apply to. The Council has used relevant information on actions, indicators and risks to support its assessment of performance, but these are not all outcome measures.
- 166 The *Annual Performance Report* is long and some sections are not easy to follow. It has also been affected by the changes to the Council's priorities and sub-priorities.
- 167 The Council has developed a new reporting approach based on the 2011-12 improvement priorities. This will provide a clearer framework for considering and reporting the Council's progress against its improvement objectives. To support this, the Council needs to complete current work to ensure that the intended outcomes, not just actions, are clear for each objective and that the accountability arrangements are also clear.
- 168 In addition to regular performance management arrangements the Council undertakes specific self-evaluations as part of the preparation of the annual governance statements, for its Annual Performance Review, and other specific service areas including lifelong learning and social services. The Estyn area inspection of provision for 14 to 19 year olds (see [paragraphs 134-137](#)) found that 'the way self-evaluation processes inform improvement planning' was a strength that contributed to the good prospects for improvement. The engagement of councillors in these arrangements varies: some councillors were involved in the development and approval of the Director of Social Services report for 2010-11; however, whilst the Executive Member for Education was consulted about the self-evaluation prepared for the Estyn inspection of education services, it was not formally approved by the Executive Board or considered by the relevant scrutiny committee.
- 169 Overall, we found that self-assessment is becoming an established part of the way the Council operates and we commend this. The Council has also played a significant role in supporting self-assessment of partnership bodies. The process of self-assessment is developing but will be improved when outcome-based success measures for all objectives are clear.

Performance monitoring and management arrangements are established but could be streamlined

170 The Council has an established framework for reporting performance information.

This includes:

- an agreed set of key improvement targets;
- an outcome agreement with the Welsh Government;
- the Council's improvement objectives;
- its Strategic Assessment of Risks and Challenges process, setting out 48 significant risks for community leadership, council delivery and council governance;
- directorate and departmental plans and targets; and
- resources management information, including sickness absence, HR, financial and assets information.

171 Quarterly reports are presented to overview and scrutiny committees covering these areas and providing a management assessment. These reports are lengthy.

172 Separate shorter 'exception' reports are presented to the Executive Board. The exception reports focus on areas where performance is below expected levels against improvement targets, together with an update on the strategic assessment of risks and challenges register. Executive members also have access to the reports that go to scrutiny committees. From January 2012, the Council has introduced the new additional reporting on progress on its improvement objectives. These reports are presented to the Corporate Resources Overview and Scrutiny Committee and the Executive Board.

173 Councillors told us that the quality of information reports has generally improved. But we found that:

- the quarterly performance reports for scrutiny were overlong, time-consuming to prepare, and took up to 12 weeks to be presented;
- the arrangements resulted in officers being held to account rather than the Executive Board; and
- there were some inconsistencies and weaknesses in the data and information reported (see below).

174 The development of a revised reporting framework focused on the Council's improvement objectives provides an opportunity to streamline the reporting arrangements with a view to improving timeliness, consistency and focus.

Weaknesses were identified in the accuracy of some performance data

175 We found councillors did not always trust the information in performance reports and that weaknesses existed that questioned the reliability of performance data. These included:

- Our audit of the data for the NSIs for 2010-11 identified 6 out of 24 indicators that were audited needed to be qualified. This represents a quarter of the important national indicator information.
- In July 2011, the Council's Internal Audit service undertook a review of the information for indicators that had been amended or qualified by the Wales Audit Office in 2010. This found significant errors and weaknesses in the same group of indicators in 2010-11 and that, whilst systems of control were adequate, the application of the controls was not. Ten significant recommendations for improvement were made.
- Incorrect data was initially submitted by the Council to the CSSIW to support the Director of Social Services report for 2010-11.
- The reliability of HR data has been affected by inaccuracies in staff information in the electronic HR system.

176 The Council needs to do more to ensure that appropriate controls are applied to ensure that data used and reported is reliable.

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's 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 Flintshire and Flintshire County Council

The Council

Flintshire Council spends approximately £312.5 million per year (2011-12). This equates to about £2,087 per resident. In the same year, the Council also spent £28.3 million on capital items.

The average band D council tax in 2010-11 was £1,115 per year. This has increased by 3.18 per cent to £1,151 per year for 2011-12. 68.5 per cent of the dwellings within Flintshire are in council tax bands A to D.

The Council is made up of 70 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:

- 22 Labour
- 19 Alliance
- 9 Conservatives
- 9 New Independent
- 9 Liberal Democrats
- 2 not aligned

The Leader is Councillor Arnold Woolley.

The Chief Executive is Colin Everett, and the directors are:

- Director of Environment – Carl Longland
- Director of Lifelong Learning – Ian Budd
- Director of Community Services – Neil Ayling

Other information

The Assembly Members for Flintshire are:

- Sandy Mewies, Delyn, Labour
- Carl Sargeant, Alyn and Deeside, Labour

Regional Assembly Members are:

- Llyr Huws Gruffydd, Plaid Cymru
- Mark Isherwood, Welsh Conservative Party
- Aled Roberts, Welsh Liberal Democrats
- Antoinette Sandbach, Welsh Conservative Party

The Members of Parliament for Flintshire are:

- David Hanson, Delyn, Labour
- Mark Tami, Alyn Deeside, Labour

For more information see the Council's own website at www.flintshire.gov.uk or contact the Council at Flintshire County Council, County Hall, Mold, Flintshire CH7 6NB. Tel: 01352 752121

Appendix 3

Appointed Auditor's Annual Audit Letter to the Members of Flintshire County Council

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

Annual Audit Letter to the Members of Flintshire County 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.

Flintshire County Council complied with its responsibilities relating to financial reporting and use of resources but there is scope to improve financial controls in a number of areas and the Council needs to further develop its future financial planning to help it meet the significant financial challenges ahead

- 1 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.
- 2 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.
- 3 On 29 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 and the Pension Fund's financial position and transactions. My report is contained within the Statement of Accounts. Whilst my opinion was unqualified, I included an emphasis of matter in my report on the Pension Fund's accounting statements. A number of matters arising from the accounts audit were reported to members in my Audit of Financial Statements reports and further details will be reported in our detailed report in December.

- 4 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.
- 5 The following issues were identified during the audit of the Council's accounts:
 - The Council did not correctly apply its accounting policy in valuing its housing stock resulting in material misstatements to the accounts. As a result the net book value of the stock was reduced by £127.766 million.
 - The integrity of the financial statements was undermined because a number of the primary statements contained balancing entries.
 - There were a number of general presentational issues that related to the quality of the accounts and supporting records.
 - Whilst we were satisfied that the Council set aside a reasonable accounting estimate, in its financial statements, to meet the potential liability for equal pay, some of the assumptions used to support the estimate need to be better underpinned by factual data.
- 6 The following additional issues were identified regarding the Clwyd Pension Fund accounts:
 - The auditor's report was modified to draw attention to the nature of private equity investments held by the Fund. As part of its investment portfolio, the fund had year-end holdings in private equity investments totalling £218.314 million. Because of the inherent uncertainty associated with the valuation of such investments, arising from the absence of a liquid market, the fair value of these investments may differ from their realisable values. As the difference could be material I decided to draw attention to the inherent uncertainty.
 - Our audit work identified that there are significant delays in the processing of new pensions resulting in delayed payment of lump sum and pension entitlements. As a result, lump sum liabilities contained within the draft financial statements were understated by £1.274 million.
- 7 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. In addition I also bring the following issues to your attention:
 - The Council continues to develop its medium-term financial plan, following adoption of its financial strategy, but considerable work is still required to set a balanced budget for 2012-2013 and beyond. In addition, not all pressures have yet been fully factored into the forecasts to establish the extent of the funding gap over the next three years.

- The Flintshire Futures programme has been structured to include a mixture of short, medium and longer term projects. However, the financial benefits have yet to be fully quantified and integrated in the financial planning, thereby establishing the contribution of Flintshire Futures to meet the funding gap in the medium term.
- 8 I issued a certificate confirming that the audit of the accounts has been completed on 29 September 2011.
- 9 The financial audit fee for 2010/2011 is currently expected to be in line with those set out in the Annual Audit Outline.

John Herniman
Group Director

For and on behalf of the Appointed Auditor

30 November 2011

Appendix 4

Flintshire Council's improvement objectives and self-assessment

Flintshire 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 the Council intends to do to improve. The Council must do this as soon as possible after 1 April each year.

The Council's Executive Board agreed the improvement priorities of the Administration in May 2010. These 40 priorities and directorate priorities were grouped under 10 improvement objectives in the Council's *Improvement Plan 2011-12*. The improvement plan can be found on the Council's website at www.flintshire.gov.uk. The improvement objectives and the priorities agreed in 2010 are shown below:

Improvement objectives 2011-12	Priorities agreed May 2010
<p>1 To be a modern, efficient and cost effective public organisation through our four resource strategies – the Medium Term Financial Strategy, the People Strategy, the asset management strategy and the ICT Strategy – whilst ensuring our local taxes and fees and charges are fair and affordable</p>	<ul style="list-style-type: none"> • To promote and maintain a positive and confident reputation for the Council and the County locally, regionally and nationally. • To continue to make progressive change in the culture, efficiency, effectiveness, adaptability and performance of the organisation both corporately and in service planning and delivery. • To develop and follow a resilient medium and longer term financial strategy whilst maintaining an affordable level of council tax for local taxpayers. • To achieve the aims and objectives of the <i>People Strategy</i> with an emphasis on people management practice, management performance, attendance management and agile working. • To implement effective business continuity plans to protect key services. • To maximise the use of the Council's land and asset base for the achievement of Council priorities and to maximise capital receipts or income.
<p>2 To achieve the greatest possible cost efficiencies through regional collaboration to reinvest in local public services</p>	<ul style="list-style-type: none"> • To cope and prosper in the coming years of reductions in revenue and capital for public services and continue to improve and perform as a public services organisation. • To modernise and improve Council procedures and performance in procurement practice, to meet the aims of the <i>Opening Doors Policy</i> of the Welsh Assembly Government for small and medium-sized businesses and to achieve cashable and non-cashable efficiency targets.

Improvement objectives 2011-12	Priorities agreed May 2010
<p>3 To be a modern, caring and flexible employer with fair and equal pay and terms and conditions of employment under a Single Status Agreement</p>	<ul style="list-style-type: none"> • To achieve a legal, acceptable and affordable Single Status Agreement.
<p>4 To achieve the highest standards of customer service and care through our customer services strategy</p>	<ul style="list-style-type: none"> • To attain high and consistent levels of customer service, and to develop more flexible personal and remote customer contact services through an ambitious customer services strategy. • To reshape and improve the Street Scene Services.
<p>5 To make our communities safe and to safeguard the vulnerable, with children and older people being priority groups</p>	<ul style="list-style-type: none"> • To extend the impact of Public Protection Services to safeguard communities and public health. • To achieve a higher level of public confidence in the safety of communities in partnership with North Wales Police and others partners. • To promote citizen responsibility to support the work of the public services e.g. crime prevention, enforcement, community participation and community action. • To safeguard vulnerable adults, older people and children in partnership with statutory agencies and other partners.
<p>6 To protect and grow the local and regional economy, to be a prosperous County and to provide help and support for those vulnerable to poverty</p>	<ul style="list-style-type: none"> • To reduce extreme poverty, and make the best use of local resources to provided advice and extend benefits take-up, in partnership with others. • To protect, promote and develop the local economy through the transport and communications infrastructure, land and asset use, and the educational system. • To declare the Council's first Neighbourhood Renewal Area (NRA).

Improvement objectives 2011-12	Priorities agreed May 2010
<p>7 To promote independent, healthy and fulfilled living in the community with the highest quality personalised and supportive social and health care services</p>	<ul style="list-style-type: none"> • To promote independent and supported living in the community through sustainable and affordable domiciliary care, flexible care support packages, integration of services with other partners. • To provide flexible supported living choices including extended extra care housing provision. • To plan to meet the diverse and complex care needs of society including extended provision of dementia services. • To develop a sustainable and affordable policy for Out of County Places. • To work in partnership with the new Betsi Cadwaladr University Health Board to extend and improve access to primary health care, to invest in preventative services and to improve further the integration of health and social care.
<p>8 To meet housing need in the County and to work with partners to ensure a sufficient supply of quality and affordable homes and housing services in the social, mixed tenure and private sector housing markets</p>	<ul style="list-style-type: none"> • To deliver an affordable housing supply through the affordable housing strategy. • To make a marked and rapid improvement in the quality, flexibility and performance of housing management and repairs and maintenance services and to improve the financial performance of the Housing Revenue Account. • To determine the future of the Council Housing Stock through a tenant ballot and a strategy to achieve the Welsh Housing Quality Standard.

Improvement objectives 2011-12	Priorities agreed May 2010
<p>9 To secure a modern and high performing range of learning, cultural, play and leisure opportunities for all ages with our schools, colleges and other partners</p>	<ul style="list-style-type: none"> • To develop the School Modernisation Strategy and to achieve, in phases, its aims and objectives whilst securing the highest possible level of 'spend per pupil'. • To achieve the aims and objectives of the School Effectiveness Framework. • To achieve the aims and objectives of the 14-19 transformation strategy and to be effective educational and economic partners with the higher and further education sectors and notably Deeside College and Glyndwr University. • To further develop the foundation phase for pre-school age. • To achieve the objectives of the action plan adopted by the Council in response to the Estyn Inspection of Local Education Services. • To achieve the aims and objectives of the Actif Leisure Strategy. • To agree and fund a scheme to remodel Deeside Leisure Centre • To agree a scheme to remodel Clwyd Theatr Cymru and campaign for national capital funding support.
<p>10 To protect, plan and develop sustainable natural and built environments</p>	<ul style="list-style-type: none"> • To achieve our waste minimisation and recycling targets through the local and regional strategies, thereby avoiding infraction penalties, with high levels of public support and participation. • to adopt the Unitary Development Plan (UDP) and progress the replacement Local Development Plan (LDP) with urgency. • to further improve the quality, flexibility and performance of planning development control services. • to improve Council enforcement particularly in environmental services, the cleanliness of the 'public realm' and in planning development control. • to agree a strategy with the Welsh Assembly Government to reduce traffic congestion on the A494/A55 interchange and the connecting County road network as a key part of the national and regional transport plans.

Flintshire Council's self-assessment of performance

The Council's self-assessment of its performance can be found in its *Annual Performance Report 2010-11* which can be found at www.flintshire.gov.uk (search for improvement plan).

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