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Pages	1 of 11

Dear Colin

Improvement Assessment

I am required, under the Local Government (Wales) Measure 2009 (the Measure) to report my audit and assessment work in relation to whether Flintshire County Council (the Council) has discharged its duties and met the requirements of the Measure.

This letter summarises:

- my views on whether the Council has discharged its statutory duties in respect of improvement planning;
- my views on the Council's compliance with requirements to make arrangements to secure continuous improvement, based on work carried out to date by the Wales Audit Office and relevant regulators, including:
 - the Council's progress on areas for improvement and recommendations identified in my previous assessments;
 - any relevant issues that may have emerged since my last report, including comments on how the Council is addressing financial challenges; and
 - a brief summary of any reports of relevant regulators issued since my last report.
- my further proposals for improvement and/or recommendations; and
- updates to the Wales Audit Office work plan and timetable for delivering my Improvement Assessment work.

I shall update my views during the year and will provide a further letter by the end of November 2012.

Developments since my last report

I reported in January 2012 that the Council had made continued progress towards a housing stock transfer ballot and that this represented an important step in improving the quality of its housing stock. In March 2012, the Council balloted its tenants on the option of transferring its stock to a housing association. There was a high turnout of 71 per cent of tenants. Of these, 88 per cent voted against the proposal to transfer the stock from the Council. The Council is in discussions with the Welsh Government on how to meet the Welsh Housing Quality Standards.

My January report also referred to the Council's progress in reorganising its secondary schools in order to make better use of resources. Following an informal public consultation, the Cabinet has agreed its preferred options for modernising its school provision in the Holywell, Connah's Quay/Shotton/Queensferry and Buckley/Mynydd Isa/Mold areas of the county. The Council will now consult formally upon the preferred options. There has also been progress in the primary school sector; the Council has opened a new school in Connah's Quay and has amalgamated four pairs of infant and junior schools.

I am unable to state whether the Council has discharged its improvement planning duties under the Measure as the Council has not yet published its Improvement Plan for this year

The Local Government elections in May 2012 resulted in significant changes in the Council's political leadership. Labour Party candidates won 30 of the Council's 70 wards and, at its Annual Meeting on 15 May, the Council chose Councillor Aaron Shotton of the Labour Group as its Leader. The Labour Group, formerly in opposition, now occupies seven of the eight seats on the Council's Cabinet.

In light of this political change, the Council has understandably chosen to publish its 2012-13 Improvement Plan in October 2012. Though well after the beginning of the financial year, the timing will enable the Council to consider how its Improvement Objectives might better reflect the manifesto commitments of the new political leadership. In the meantime, services continue to address the wide-ranging objectives and associated actions set in 2011-12, all of which remain relevant to the Council. I shall report on my audit of the Council's 2012-13 Improvement Plan by the end of November.

Based on, and limited to, work carried out to date by the Wales Audit Office and relevant regulators, I believe that the Council is likely to comply with the requirement to make arrangements to secure continuous improvement during this financial year

I have reached this conclusion because:

- the Council has made reasonable progress in acting on several of the recommendations in my last Annual Improvement Report but some key projects are taking longer than anticipated;
- work on the medium-term financial plan continues but the Council has not succeeded in completing the plan by the end of September 2012, as intended;
- the Council's arrangements for developing, using and supporting technology are likely to support continuous improvement; and
- the Care and Social Services Inspectorate Wales (CSSIW) has published a positive assessment of the Council's services for children and families, reflecting strong leadership and improving outcomes.

The Council has made reasonable progress in acting on several of the recommendations in my last Annual Improvement Report but some key projects are taking longer than anticipated

I have previously reported a number of recommendations/proposals for improvement and also noted some areas where we would undertake further work. I include a full list of my previous recommendations and proposals for improvement in Appendix 1, along with my assessment of progress to date and my plans for future reporting. I summarise progress on some of these matters below:

- The Cabinet (and previously the Executive) has received updates from officers on the Council's progress in delivering one of its 2011-12 Improvement Objectives, 'to be a modern, caring and flexible employer with fair and equal pay and terms and conditions of employment under a Single Status Agreement'. The Council has assessed its progress against this Improvement Objective as being satisfactory. However, the likely date for the full implementation of Single Status remains under review, having again been deferred. In this respect, the Council has been unable to meet its intended timetable, as recommended in my last Annual Improvement Report.
- The work of reaching a legal and affordable agreement with the Council's Trades Union partners is complex and the Council has understandably engaged external support for this work. The Council understands and accepts that there are financial risks associated with the implementation of Single Status and the settlement of existing and potential equal pay claims. It has set aside financial reserves to mitigate these risks. However, our audit of the Council's financial statements has

concluded that the Council has been too willing to rely, without sufficient review or challenge, on externally produced estimates for equal pay claims. As a result, the Council amended the figure included in the accounts to better reflect the liability for accounting purposes. The Council acknowledges that further work is required to estimate the actual liability. The size of this liability will emerge from the Single Status agreement and through negotiations with the Trades Unions.

- I recommended in January 2012 that the Council should complete its work in quantifying the financial benefits of its programme of efficiencies and organisational change by mid 2012-13. A key part of this programme, known as 'Flintshire Futures', represents an important strand in the Council's medium-term financial planning. It supports the Council's ability to continue to maintain and invest in services in the context of reduced external funding. In a paper to the Cabinet in June 2012, officers estimated that the Council needs to identify efficiencies of between £7 million and £8 million in order to balance its 2013-14 budget. The Flintshire Futures programme is ambitious and comprises five major workstreams. Senior officers acknowledge that progress is variable across the workstreams, and slower than planned in several areas. The Council has established a Programme Board to maintain and, where necessary, to increase momentum and to improve overall governance of the programme. While the Council has realised almost 90 per cent of the planned savings for 2011-12, from Flintshire Futures projects and other efficiencies, significant further work is needed to quantify the future savings that might be achieved so as to better inform the Council's financial planning.

We will provide further information about our findings in some of these areas separately in interim updates where appropriate.

Work on the medium-term financial plan continues but the Council has not succeeded in completing the plan by the end of September 2012, as intended

Officers reported to Cabinet in June 2012 that they planned to complete the Council's medium-term financial plan and to refresh the financial strategy by the end of September. In doing so, they estimated the total sum required to meet likely cost pressures for the year ahead, based on past experience. Officers also referred in general terms to the potential of the Flintshire Futures programme to generate efficiency savings. At the time of writing this letter, the production of the medium-term financial plan continues but remains incomplete.

The June report provided the new political administration with an outline of the Council's financial position. However, the Cabinet will, in future, require more detail in order to make informed decisions that will ultimately lead to the recommendation to the Council of a budget for 2013-14. As noted above, the Flintshire Futures programme remains unspecific in a number of areas in terms of the savings that each strand is likely to yield.

The introduction of a 'benefits realisation approach' to all projects has the potential to improve the Council's medium-term financial planning. At present, the Council's financial planning takes insufficient account of longer-term projects, particularly those that require services to be reconfigured, and whose financial benefits may not be realised for some time. It is important that the intended financial benefits arising from such work are estimated from the outset so that the Council is better placed to achieve a balanced budget in future years. Some of these projects, planned for two or three years ahead, also require early decisions to ensure that the intended savings become available in the year in which they are planned.

The Council's arrangements for developing, using and supporting technology are likely to support continuous improvement

The effective use of technology is essential for transforming the delivery of public services, improving outcomes for citizens and delivering efficiency savings. Technology can support different ways of working, delivering services and engaging with citizens, enabling councils to deliver more for less. The way in which technology is delivered and managed has a direct impact on the efficiency, effectiveness and quality of work undertaken across the Council and affects almost every council worker.

In 2010, we identified that many local authorities were grappling with ensuring that technology was used effectively to support service transformation and achieve efficiency savings. As a result, we undertook reviews of technology at all councils during 2011-12.

In Flintshire, we found that the Council's arrangements for developing, using and supporting technology are likely to support continuous improvement. The Council has established a sound technology infrastructure, and is starting to use technology effectively to transform services and achieve efficiencies. In particular, we found that:

- arrangements for developing, using and supporting technology are sound with examples of good practice but a more corporate approach to funding technology would maximise improvement opportunities; and
- performance in the use of technology is sound and improving, but there is scope for further improvement through the better use of performance information.

Our feedback to the Council includes some suggestions as to how the Council might further improve its use of technology.

The Care and Social Services Inspectorate Wales has published a positive assessment of the Council's services for children and families, reflecting strong leadership and improving outcomes

In June 2012, the CSSIW published a report on the quality of the Council's services for children and families. The CSSIW's overall assessment of services is positive. They found that:

- information about the role of Children's Services is widely available and there is an effective response to those who make contact, with prompt advice and support arrangements;
- there is an increasing focus upon prevention and early intervention that supports the whole family, with better outcomes for children as fewer are needing care;
- partnership arrangements work well in delivering a co-ordinated approach to meeting need;
- the Head of Children's Services provides strong strategic and operational leadership and managers are working with the workforce to gain commitment to modernised ways of delivering services;
- there are good systems in place to ensure work is appropriately prioritised; and
- staff morale is good and social work staff and their managers feel well supported.

There are nevertheless a number of areas where the Council needs to improve. These include:

- ensuring consistency of approach, practice and understanding among all workers and in the quality of professional supervision;
- ensuring that there is an appropriate component of experienced workers within the duty system;
- continuing to address staff sickness issues in some areas;
- improving the timeliness of case conference minutes and their subsequent distribution; and
- ensuring a consistent level of competent use of computer systems by all staff and that data is promptly and consistently recorded within the computer system.

Further proposals for improvement and recommendations

I make no new proposals for improvement or recommendations in this letter. While the text above refers to a number of areas that are not yet as strong as they might be, I believe that the proposals and recommendations set out in my previous reports and letters, set out in Appendix 1, largely cover these. My Improvement Assessment Team will continue to monitor and report on the progress made by the Council in implementing these matters.

Updates to the work plan and timetable

My Improvement Assessment Team will keep the Council informed of the detailed arrangements for the delivery of my assessment work.

The regularly updated work plan and timetable provides more detail on the work being delivered during this year's assessment and, in particular, how we will add value by focusing on jointly identified areas or services.

The work plan and timetable takes account of my consultation with improvement authorities over my proposals for 2012-13 performance audit work. In particular, I shall be asking my Improvement Assessment Team to consider during the year the reliance that we can place upon the self-assessment processes (including your review of governance in producing the Annual Governance Statement and your Annual Performance Report). I will also be reviewing the Council's self-assessment of its arrangements during the autumn. I shall comment on this approach in my Annual Improvement Report.

I am grateful to the Council for the way in which it has helped to facilitate our work and hope to see even more effective and efficient arrangements developing over time. I remain committed to providing appropriate levels of public assurance while supporting you in mitigating the inevitable risks to services and accountability that stem from reducing resources and consequential change.

Yours sincerely



HUW VAUGHAN THOMAS
AUDITOR GENERAL FOR WALES

CC: Carl Sargeant, Minister for Local Government and Communities
Huw Lloyd Jones, Manager
Karen Lees, Performance Audit Lead

Appendix 1

Recommendations ¹ for improvement made in the Annual Improvement Report 2012	Progress
<p>The Council should report more fully and regularly to the Executive Board on progress in delivering the Human Resources strategy and Single Status Agreement, and ensure capacity and capability are available to achieve intended outcomes and timetables.</p>	<p>The Cabinet has received updates from officers on the Council's progress in delivering one of its 2011-12 Improvement Objectives, 'to be a modern, caring and flexible employer with fair and equal pay and terms and conditions of employment under a Single Status Agreement'. The Council has assessed its progress against this Improvement Objective as being satisfactory. However, the likely date for the full implementation of Single Status remains under review, having again been deferred. The work of reaching a legal and affordable agreement with the Council's Trades Union partners is complex and the Council has understandably engaged external support for this work. The Council understands and accepts that there are financial risks associated with the implementation of Single Status and the settlement of existing and potential equal pay claims. It has set aside financial reserves to mitigate these risks. However, our audit of the Council's financial statements has concluded that the Council has been too willing to rely, without sufficient review or challenge, on externally produced estimates for equal pay claims. As a result, the Council amended the figure included in the accounts to better reflect the liability for accounting purposes. The Council acknowledges that further work is required to estimate the actual liability. The size of this liability will emerge from the Single Status agreement and through negotiations with the Trades Unions.</p>

¹ These two recommendations follow from proposals for improvement made in August 2010 and August 2011.

Recommendations ² for improvement made in the Annual Improvement Report 2012	Progress
<p>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.</p>	<p>The 'Flintshire Futures' programme represents an important strand in the Council's medium-term financial planning. It supports the Council's ability to continue to maintain and invest in services in the context of reduced external funding. In a paper to the Cabinet in June 2012, officers estimated that the Council needs to identify efficiencies of between £7 million and £8 million in order to balance its 2013-14 budget. The Flintshire Futures programme is ambitious and comprises five major workstreams. Senior officers acknowledge that progress is variable across the workstreams, and slower than planned in several areas. The Council has established a Programme Board to maintain and, where necessary, to increase momentum and to improve overall governance of the programme. Almost 90 per cent of the planned savings for 2011-12, from Flintshire Futures projects and other efficiencies, have been realised. However, significant further work is needed to quantify the future savings that might be achieved so as to better inform the Council's financial planning.</p>
Proposals for improvement made in the Annual Improvement Report 2012	Progress
<p>Complete the work in progress to set clear success measures for all improvement objectives and ensure regular, clear reporting.³</p>	<p>We will report on progress in November 2012.</p>
<p>Develop and agree a detailed business plan for improving customer access showing how success measures will be achieved and offer value for money.</p>	<p>We will report on progress in our 2013 Annual Improvement Report.</p>

² These two recommendations follow from proposals for improvement made in August 2010 and August 2011.

³ This proposal for improvement was first made to the Council in January 2011.

Proposals for improvement made in the Annual Improvement Report 2012	Progress
<p>Ensure its Annual Performance Report is published by 31 October in line with statutory requirements and more fully reflects Welsh Government guidance.</p>	<p>We will report on progress in November 2012.</p>
<p>Improve quality assurance arrangements to ensure that data used to support performance management and monitoring is accurate and robust.</p>	<p>We will report on progress in November 2012.</p>
Proposals for improvement made in the Corporate Assessment Update Letter 2011	Progress
<p>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.</p>	<p>Officers reported to Cabinet in June 2012 that they planned to complete the Council's medium-term financial plan and to refresh the financial strategy by the end of September. In doing so, they estimated the total sum required to meet likely cost pressures for the year ahead, based on past experience. They also referred in general terms to the potential of the Flintshire Futures programme to generate efficiency savings.</p> <p>This report provided the new political administration with an outline of the Council's financial position. However, the Cabinet will, in future, require more detail in order to make informed decisions that will ultimately lead to the recommendation to the Council of a budget for 2013-14. As noted above, the Flintshire Futures programme remains unspecific in a number of areas in terms of the savings that each strand is likely to yield.</p> <p>The introduction of a 'benefits realisation approach' to all projects has the potential to improve the Council's medium-term financial planning. At present, the Council's financial planning takes insufficient account of longer-term projects, particularly those that require services to be reconfigured, whose financial benefits may not be realised for some time. It is important that the intended financial benefits arising from such work are estimated from the outset so that the Council is better placed to achieve a balanced budget in future years.</p>

Proposals for improvement made in the Corporate Assessment Update Letter 2011	Progress
By the end of October 2011, the Council should complete a review of overall progress with the People Strategy 2009-12, prioritise the outstanding actions and resources necessary to achieve them, and report on this to elected members.	We will report on progress in during 2013.
Develop an improved corporate approach to engagement with communities and users of services including arrangements to enhance the contribution of elected members.	We will report on progress in our 2013 Annual Improvement Report.