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Dear Jeremy

Improvement Assessment Letter

This letter summarises the key conclusions arising from my work in respect of improvement reporting under the Local Government (Wales) Measure 2009 (the Measure). I am required to report my audit and assessment work in relation to whether Powys County Council (the Council) has discharged its duties and met the requirements of the Measure.

Further to my Improvement Assessment letter of 19 September 2012, this letter summarises:

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

I have arrived at my views by:

- reviewing the *Powys Change Plan Stage 2 for 2011-12* (Performance Report) produced and published by the Council by 31 October 2012, in which it reported its performance in delivering its key areas for improvement;
- undertaking interviews with managers and reviewing supporting documents in a sample of the service areas included in the report; and
- testing the reliability of a sample of performance indicators.

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

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

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

By publishing the Performance Report by the deadline of 31 October 2012, the Council has complied with the statutory requirements outlined within the Welsh Government's guidance for the Measure, under Section 15 (7).

The Performance Report is well-structured and of reasonable length, setting out the Council's performance against all statutory indicators and including current and prior year performance figures. Performance against targets and comparison with the Welsh average is also included. The extent to which the Council is engaged in collaborative and partnership working in order to support achievement of its priorities is clearly explained in terms of what this has achieved and what remains to be done. This includes reference to the Outcome Agreement and what the Council aims to achieve through the One Powys Plan. The Performance Report includes the Council's response to my statutory recommendations reported in each of my 2011 and 2012 annual improvement reports and to the joint Wales Audit Office/CSSIW inspection reports into adult social care.

The relevance of statutory indicators to the Council's plans for improvement could be made clearer by identifying them where they relate to specific improvement objectives, and the Performance Report does not clearly evidence the processes the Council has gone through to discharge its general duty to secure continuous improvement. In assessing its achievements through collaborative working, the Council could usefully seek and incorporate feedback from partners.

The Performance Report is available on the Council's website in Welsh and English, and its publication was accompanied by a press release. Hard copies are available in the main public buildings and publicised in the Council newspaper *Red Kite* that is distributed to all households.

The Council's Performance Report has improved compared with previous years, but is not yet a reliable assessment or meaningful evaluation of the Council's performance in delivering its key areas for improvement

The Measure has now been in place for three years. This is the second year the Council has been required to publish a backward-looking Performance Report in line with the requirements of the Measure. In my Annual Improvement Report in January 2012, I emphasised that the Measure requires councils to be more self-critical and evaluative around how they deliver their services and that councils need to focus much more clearly on the impact of services upon citizens and the outcomes for citizens.

My audit of the Council's self-assessment of its performance in 2011-12 has found evidence that the Council is making progress in addressing proposals for improvement set out in my previous reports, although more work needs to be done. Overall, the quality of the Council's self-assessment of its performance in delivering its key areas for improvement is improved in comparison with that of the previous year. I have set out (above) positive aspects of the Council's Performance Report and where more needs to be done in order to more fully comply with Welsh Government guidance.

Although more balanced than in previous years, the Performance Report still presents citizens with an overly positive picture of the Council's performance and does not identify what the Council plans to do differently to tackle underperformance

A clear framework to monitor performance is in place but whilst performance data is widely reported, it is not sufficiently integrated with improvement planning and reporting. Furthermore, there is only limited evidence that the Council is making good use of this data to robustly challenge performance or decide what it needs to do differently to improve.

The Council has used progress against key actions and quantitative and qualitative measures of performance as the main evidence to self-assess its performance. The Performance Report includes a wide range of evidence from different sources, and this is presented in a more user-friendly way than last year. However, there remains an overreliance on reporting what the Council has done rather than the difference this is making and targets set are not consistently challenging. The narrative section of the assessment does not always report progress in relation to targets set, making it difficult to judge whether progress is reasonable or as planned.

Whilst more balanced than in previous years, the Performance Report still conveys the progress the Council is making in a generally favourable light, for example through carefully chosen words, the targets it sets itself and the margin of variance from these that it considers acceptable. Although some areas of weaker performance are identified, they are often qualified with reference to 'good news' or couched in terms that are evasive or ambiguous. The Performance Report does not elaborate on what the Council plans to do differently to tackle identified areas of underperformance.

The Performance Report does not provide citizens with a coherent picture of the Council's progress in achieving its key areas for improvement

The Performance Report lacks a robust self-evaluation of how well the Council considers it is performing in achieving its improvement objectives. The information needed to form an overview of the progress the Council is making is fragmented within the Performance Report and is not sufficiently drawn together to form a coherent evaluation.

I have considered the views of other regulators as to the reliability of the Council's self-evaluation arrangements, and these indicate considerable inconsistency in practice within the Council. CSSIW reported in its Annual Review and Evaluation of Performance 2011-12 that: 'the Director's letter gives a comprehensive account of the council's performance' and 'the evidence provided by the council to support their evaluation is clear'.

However, in recording the outcomes of a monitoring visit undertaken in October 2012, Estyn reports that: 'The authority's arrangements for self-evaluation are not rigorous enough. This means that important shortcomings and challenges within education services for children and young people are missed. The authority does not self-evaluate effectively, and cannot therefore use self-knowledge to plan for improvement. The weaknesses in self-evaluation at the corporate level are also reflected at service level. As a result, the self-evaluation provided for the team, in advance of the monitoring visit, is too positive and descriptive. It does not identify the shortcomings identified by the inspection team or the lack of progress against the recommendations. In addition, too many key officers were not involved in the preparation of the self-evaluation report and it was not shared with head teachers or other stakeholders.'

The Council is prioritising a cultural change programme in order to drive a more open and realistic self-assessment and evaluation of its progress in achieving its key areas for improvement

It is evident that this year, the Performance Report has been subject to more rigorous internal review and challenge at various levels including senior management team, cabinet and joint chairs of scrutiny. Whilst this is a positive step, insufficient time was provided to allow for the issues raised (in particular, those issues raised by scrutiny) to be properly considered and addressed prior to submitting the Performance Report to Cabinet for approval.

Indeed the views of scrutiny, considered by Cabinet in approving the Performance Report on 2 October 2012, included 'little information in the document about outcomes of changes – what difference has this made to the public' and 'there are no negative comments in the document to provide a balance – this is too much of a good news story'. These views are consistent with my findings having reviewed the published Performance Report. The Council would benefit by applying and acting upon such internal challenge earlier in the development of its Annual Performance Report next year to help identify and redress the balance of mainly positive reporting.

I am encouraged that the leadership of the Council is working to promote a culture which requires a more open and balanced self-assessment of its performance, and is more evaluative and realistic regarding progress in delivering its improvement objectives. However, it is also evident that cultural change is at an early stage and the Council is prioritising related projects and activity so as to seek to minimise the time that it will take before practices become embedded and lead to the desired outcomes.

The Council has approached the Welsh Local Government Association (WLGA) to provide a source of support and challenge in relation to its self-assessment and evaluation arrangements and my staff will continue to review the Council's progress in developing its arrangements.

Further proposals for improvement

Some new proposals for improvement are being made in this letter. I will continue to monitor and report on the progress made by the Council in implementing the proposals set out in my previous reports and letters.

Proposals for improvement

- P1 Incorporate more effective and timely processes to challenge and scrutinise the extent of progress the Council is making.
- P2 Continue to work towards more open and self-critical evaluation of performance and reporting of progress to local citizens.

Yours sincerely



HUW VAUGHAN THOMAS

AUDITOR GENERAL FOR WALES

CC: Carl Sargeant, Minister for Local Government and Communities