



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report

Vale of Glamorgan 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 nearly £5.5 billion of funding that 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.

This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Steve Barry, Janet Villars, Helen Keatley and Grant Thornton, under the direction of Jane Holownia.

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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 relevant Welsh inspectorates, as well as work undertaken on his behalf by the Wales Audit Office, this report presents a picture of improvement over the last year. The report is in three main sections, which cover the Vale of Glamorgan Council's (the Council) delivery and evaluation of services in relation to 2011-12, and planning of improvement for 2012-13.
 - Services for the elderly and vulnerable have improved, although key challenges remain.
 - The Council has worked effectively with its partners to introduce arrangements and facilities in the community to support those deemed at risk of harm.
 - The Council has achieved some of its improvement objectives to improve the environment, health and hygiene, but faces challenges to revitalise the local economy.
 - The Council has made progress in achieving efficiencies, improving its Human Resources (HR) systems and asset management; however, there are some weaknesses in its information technology operations.
- 2 Overall, the Auditor General has concluded that: the Council is making good progress in delivering improvement in its priority areas, but needs to report more clearly on the outcomes achieved.
- 3 We found that the Council made good progress in delivering improvement in all of its priority areas identified as improvement objectives for 2011-12. Specifically:
 - Corporate governance arrangements are generally sound.
 - The Council made good progress in modernising its children's services and improving opportunities through collaboration with key partners.
 - The Council has set itself the objective to 'work with partners to ensure that children and young people in the Vale are well informed and supported to access a broad range of quality services that enable them to take full advantage of the life opportunities available in the local community and beyond'.
- 4 We also found that the Council's performance evaluation and reporting arrangements are improving, but do not yet provide a complete and easily accessible explanation of the outcomes achieved:
 - The Council's arrangements for monitoring and evaluating its performance are improving but the quality of reporting results is inconsistent.
 - The Council makes its reports accessible to the public and meets the requirements of the *Welsh Language Scheme*.

- 5 Finally, the report sets out our views on how well the Council is planning for, and making arrangements to support improvement. We concluded that the Council's planning for improvement and its arrangements to support improvement are sound:
- the Council is developing a more outcome-focused approach to support its planned improvements; and
 - the Council has clear and robust financial plans.

Detailed report

Introduction

- 6 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 (the CSSIW), we have brought together a picture of what each council 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.
- 7 We do not undertake a comprehensive annual review of all Council arrangements or services. The conclusions in this report are based on our cumulative and shared knowledge, and the findings of prioritised work undertaken this year.
- 8 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.
- 9 We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at info@wao.gov.uk or writing to us at 24, Cathedral Road, Cardiff CF11 9LJ.

The Council is making good progress in delivering improvement in its priority areas, but needs to report more clearly on the outcomes achieved

The Council made good progress in delivering improvement in all of its priority areas identified as improvement objectives for 2011-12

10 The Measure requires the Council to publish its assessment of its performance in 2011-12 by 31 October 2012. The Council met its duty by publishing its *Improvement Plan 2012/13* (the Plan) on time. The Plan contained information on its overall performance in relation to its improvement objectives covering the period 2011-12. It was made available to the public both in hard copies, which could be found in Council premises such as libraries, and on its website.

11 The Auditor General must review the Plan and provide an opinion about whether the content and publication arrangements met all of the requirements of the Measure and followed Welsh Government guidance. We reported in our *Improvement Assessment Letter* of 14 January 2013 that the Council could improve both the content and availability of the Plan making it clear whether and how improvement had been achieved by:

- describing and explaining in more detail how it measures, monitors and evaluates its performance and what outcomes have been achieved;

- including comparisons with the performance of other authorities;
- showing how its partnership and collaborations have supported the achievement of its improvement objectives; and
- promoting the availability of the Plan and making it easier to find on the Council's website.

12 In order to provide a focus for its improvement activity, the Council set seven key strategic priorities:

- Community Leadership
- Children and Young People
- Lifelong Learning and Skills
- Community Safety
- Regeneration
- Health, Social Care and Wellbeing
- Corporate Resources

13 The Council delivered a range of improvements during 2011-12 such as modernising its children's services, and improving the quality of its waste and recycling service whilst also reducing the costs. It also sought opportunities to share service delivery with neighbouring councils and its partner organisations in the local service board. The following sections consider each of the Council's strategic priorities in turn.

Corporate governance arrangements are generally sound

- 14 A council's Annual Governance Statement (AGS) captures and evaluates its governance arrangements, including policies, performance monitoring and ability to self-challenge. The processes by which the Council implements the CIPFA/SOLACE governance guidance are generally sound, with the Head of Internal Audit collating all the work which is used to inform the significant governance issues within the AGS.
- 15 The Council's Internal Audit had identified weaknesses in how it manages its partnerships and commissioning. For example, there was limited information regarding the number and type of collaborations in existence. Furthermore, there was no central coordination for the establishment and management of the partnership's governance arrangements.
- 16 Internal Audit has recommended that a central register be compiled and a corporate guide developed. Both items were completed and taken to Cabinet on 21 January 2013; the guide entitled *Collaborative Working: Guidance for Managers*, has recently been placed on the Council's intranet, and is a source of advice for governance arrangements when setting up partnerships and collaborations.
- 17 The Council continues to increase its number of partnerships in order to improve the quality of services and encourage financial savings. It reports information about its collaboration activities during the year, although it does not yet fully evaluate and clarify whether the collaboration arrangements have fulfilled their purpose and achieved the intended outcomes.

The Council made good progress in modernising its children's services and improving opportunities through collaboration with key partners

- 18 The CSSIW published its *Annual Review and Evaluation of Performance 2011-2012*¹ (the CSSIW Review) and reported that the Council had improved in several service areas. Performance has continued to improve in children's services, especially regarding the safeguarding of children.
- 19 The inspection of the Council's adoption service in March 2011 indicated a number of areas which required improvement, including maintaining robust management and the availability of up-to-date information. Although fostering services were found to be largely compliant and operating well, CSSIW considered at the time that there was a need to appoint a fostering services manager. This has now been achieved, and more effort is being put into publicising information and recruiting foster carers.

¹ The CSSIW review can be found at www.cssiw.wales.gov.uk

- 20 The CSSIW positively reported that access routes to both social work and direct service support are diverse, with evidence to suggest that they are effective. Information on the range of contact options has been promoted through the distribution of publicity material via a range of community and health-based contact points. The Council developed and extended the online capabilities of its website to ensure service users get up-to-date information.
- 21 To improve the quality of services for children and young people with Autism, the Council developed an online learning training package for staff. Containing information regarding Autistic Spectrum Disorder, the package has won a national award and been adopted by several other councils in Wales.
- 22 With regard to collaborative working, the CSSIW reported that a multi-agency complex case panel had been established with the local health board and the Council's education service. The panel considers the potential for joint planning and funding arrangements for looked-after children with challenging behaviour and complex needs. In addition, the Council commissioned an independent advocacy service for looked-after children and young people and those involved in child protection processes. The Council is confident of its effectiveness following feedback from service users.
- 23 However, the CSSIW considered that the children's services faced increasing risk areas. This included the service having to cope with ongoing financial pressures in the situation of increasing numbers of children being looked after by the Council.

The Council has set itself the objective to 'work with partners to ensure that children and young people in the Vale are well informed and supported to access a broad range of quality services that enable them to take full advantage of the life opportunities available in the local community and beyond'

- 24 Within its Plan, the Council reported on its progress to achieve the above objective during 2011-12.
- 25 Following an inspection in May, Estyn will publish a report in September 2013 which will provide an independent review of the Council's education services.
- 26 We are also reviewing the establishment of the Joint Education Service (JES) which involves the Council and neighbouring authorities – Merthyr Tydfil, Rhondda Cynon Taf and Bridgend. The purpose of the JES is to provide school support and traded services on a collaborative basis, in order to reduce costs and to respond to the Welsh Government's drive towards regional service provision. We will be reporting the outcome of our review later this year and incorporating detailed findings in our next annual report.

Services for the elderly and vulnerable have improved although key challenges remain

- 27 The CSSIW Review of Council's services describes positive change and improvement within adult services. The Council's change plan includes a focus on integrating services including joint commissioning to improve services and reduce costs.
- 28 The Council faces significant financial challenges with a projected overspend. Its programme to support and encourage independence and to tackle high-cost placements will be central to addressing budgetary pressures.
- 29 The Council has also restructured and reduced management posts and is working collaboratively with Cardiff Council and Cardiff and the Vale University Health Board. Staff vacancy rates have affected the Council's ability to make progress although many posts have now been filled or are being recruited.
- 30 The CSSIW Review considers that for adult services, the Council appears to have significant strengths in promoting access to services, and in particular access to community support. There has also been work undertaken to improve care planning for young people 'making the transition from children's to adult services more seamless'. The Council has also strengthened its processes in relation to adult safeguarding which are effective.
- 31 The CSSIW Review refers to the Council's change plan including proposals to develop models of care that maintain service users' independence, locating people in their own homes and communities. Good progress has been made in modernising adult services and in progressing collaborative work with Cardiff Council. As part of developing the service model which encourages independence, an initial trial in the use of Telecare technology has led to the wider roll-out of services, enabling people with a range of disabilities to live independently in their own homes.
- 32 Progress has been made on improving the timeliness of decision making on initial referrals and on reducing the time it takes to complete specialist assessments in adult services. The average time from referral to receipt of a service has reduced from 99 days to approximately 40 days and is still reducing. The time being taken to complete non-specialist assessments has increased, but the waiting period is still considered to be within acceptable limits.
- 33 The CSSIW commended the Council's use of joint-funded and shared posts to achieve economies and enable it to access expertise in particular specialist areas. However, the review also considered that the Council faced a growing risk of 'workforce resilience in the longer term' and the issue of staff 'recruitment and retention in the face of increasingly high caseloads'.

34 In 2011, we reviewed the Disabled Facilities Grants service and made a number of proposals for improvement. During 2012, we assessed the action taken by the Council in response to our proposals and found that significant improvement had been achieved. The Council reduced the average waiting time taken to deliver a disabled facilities grant from 569 days in 2010-11 to 399 days in 2011-12; improving from 22nd to the current reported position of 17th when comparing performance with other Welsh councils. We found that the Council had also revised its procurement and installation procedures of disabled facilities, and introduced more robust management and monitoring of its performance. However, it recognises that more must be done to further reduce the waiting time for service users.

The Council has worked effectively with its partners to introduce arrangements and facilities in the community to support those deemed at risk of harm

35 Together with Atal y Fro², the Council has improved the services and facilities for victims of domestic abuse. Focusing on early intervention and preventative measures, as well as advocacy and support, the partnership's activities appear to have made a significant impact on repeat offences, reducing from 14.41 per cent in 2010-11 to 7.1 per cent in 2011-12; a good example of positive outcomes for families suffering from domestic violence.

36 With the development of the Integrated Family Support Service and 'team around the family' model, the Council has introduced a more holistic multi-agency approach to provide support services which are tailored to the individual needs of vulnerable children and their families. The aim is to improve their chances in life and reduce the possibility of these children reoffending. Current performance measures indicate that the Council and its partners are having a positive impact on the rate of reoffending by young people in the youth justice system; another example of where the Council's collaborative approach is helping to achieve positive benefits for client groups.

The Council has achieved some improvement objectives to improve the environment, health and hygiene, but faces challenges to revitalise the local economy

37 The Council's focus on regeneration covers a wide range of activities, from adopting the Local Development Plan (LDP), establishing footpaths and safe routes to schools to reducing vehicle emissions and establishing a coastal strategy. However, it is difficult to see how the activities and measures within this objective can significantly influence economic growth and regeneration, and what the expected outcomes are.

² Formerly Vale of Glamorgan Women's Aid group, Atal y Fro is an organisation dedicated to breaking the cycle of domestic violence.

38 The Council's Plan indicates progress in improving waste collection to help protect the local environment. The Plan shows sustained performance of 100 per cent of fly-tipped rubbish being removed within five working days. The Council opened a new recycling centre in September 2011. The amount of waste recycled improved from 40.48 per cent in 2010-11 to 49.57 per cent in 2011-12, which is also above the Welsh average of 48.53 per cent.

39 To protect the public, the Council reports that it has achieved 100 per cent rate of visits to high-risk premises to ensure that they comply with trading standards, health and safety, and food hygiene.

40 The results reported about the Council's activities to support and improve the local economy show uneven progress:

- The production of the LDP has been delayed because prior to the May 2012 elections the new administration gave a commitment to review the Plan prior to adoption.
- The number of new affordable housing units provided as a percentage of all new housing was lower than that achieved in the previous year, reducing from 56 per cent in 2010-11 to 23 per cent in 2011-12, although the delivery of new affordable housing is not within the Council's control.

- In response to concerns that visitor figures to attractions and towns were declining, the Council has enhanced town centre facilities in Barry, Penarth and Llantwit Major. It also undertook some improvement works in Dyffryn Gardens prior to the property being handed over to the National Trust on a long lease.

The Council has made progress in achieving efficiencies, improving its human resources systems and asset management; however, there are some weaknesses in its information technology operations

41 The Council reduced salary costs at senior officer level by restructuring its management team in August 2012. The restructure reduced the size of the senior management team by deleting the post of Chief Executive and three other director posts, and reorganising the responsibilities of other directors. The new management team comprises a Managing Director, three directors and the Chief Education Officer. The restructure of the management team had regard to the developing regional education agenda with increased collaboration across the region, as well as the need to reduce costs. The Council estimated that the revised arrangements would save £500,000 per annum, which should be achieved in full in 2013-14.

42 The Medium-Term Financial Plan (MTFP) was approved by Cabinet in July 2011 and indicated a cumulative shortfall to 2014-15 of £8.3 million. The MTFP was utilised as a mechanism for attempting to identify the main financial implications facing the Council, estimating the resources available, identifying and appraising options and establishing a framework for the production of the budget strategy, whilst considering that base level budgets are aligned to the Council priorities, best value for money is being achieved and that a sustainable budget is being delivered. The Council recognise that the rolling nature of the MTFP will necessitate it changing and developing as a budgeting and forward planning tool as the factors upon which it is based become clearer and more certain. The Council therefore intends to revisit the assumptions made in the MTFP to determine whether any further significant changes are predicted which could affect the level of savings required (and the consequent impact upon service delivery) in order to achieve a sustainable budget for future years.

43 In 2011, we reviewed the Council's progress in developing its HR function and workforce planning arrangements. We found that the Council was making progress, but we identified three areas which the Council could improve. They were: to strengthen its ability to monitor and scrutinise performance of the key elements of HR; to evaluate the quality of its current arrangements and consider what were the future options, so that any changes would address identified weaknesses; and to consider how skills and learning can be documented so that all staff can benefit.

44 In December 2012, we reviewed the Council's progress to implement these improvements and found that the Council had made notable progress, primarily through the publication of a 'workforce plan', at the end of 2012. This is a key document supporting the management of the Council and sets out:

- the strategic context for workforce design;
- the skills and abilities needed;
- recruitment plans;
- the approach to leadership development;
- the impact of partnership working and alternative delivery models; and
- an action plan to deliver the changes required.

45 The workforce plan recognises succession planning as a priority, and has developed actions to ensure that the Council will have sufficient numbers of staff in place, with the right skills, to achieve its objectives and continue to maintain services.

46 The Council has also introduced a more systematic approach to monitoring the performance of HR functions, with quarterly reports to both Cabinet and scrutiny committees. The future structure of the HR service is being considered to develop a more cost-effective model, whilst retaining the current attributes of the service. The Council recognises that more work is to be done to optimise shared learning for staff.

47 In 2011, we reviewed the Council's arrangements for developing, using and supporting Information and Communications Technology (ICT) as a means to support the Council's efforts to achieve improvements in its services. We concluded that generally, the Council's ICT arrangements were in a strong position to help achieve improvements as it had established sound technology foundations. Furthermore, its ICT governance arrangements were already helping to secure sustainable, effective use of technology, deliver efficiencies and transform service delivery. For example, as reported in the Plan, customer access systems were improving through improved technology systems in the contact centre.

48 However, we also identified five proposals which, if implemented, would further strengthen and enhance the Council's ability to align its ICT strategy with its corporate plan, and thus improve the use of ICT to help deliver its improvement objectives and achieve expected outcomes. In July 2012, we reviewed the Council's progress at implementing our proposals and found that although the Council had made some progress, none had been fully achieved and it was unclear when they would be completed.

49 We undertook a review of the Council's asset management in 2011 and made a number of proposals for improvement. During 2012 we found that the Council was establishing a firm foundation to build on and inform future asset management strategies, though it recognised that more needed to be done. It has achieved this by evaluating its current asset portfolio and how the assets can contribute to service delivery both now and in the future; monitoring the condition of the assets; exploring the options for sharing assets with partners; and reviewing its methods for collecting information and data on the assets. It also reported the development of a local service board coordinated approach to manage assets, which is a positive step in public service collaboration.

The Council's performance evaluation and reporting arrangements are improving, but do not yet provide a complete and easily accessible explanation of the outcomes achieved

The Council's arrangements for monitoring and evaluating its performance are improving but the quality of reporting results is inconsistent

- 50 There is sound evidence from services and departments that performance is being actively monitored and managed at senior officer level. Performance is reported to the scrutiny committees every four to six months, and members are presented not only with performance statistics but also with useful summary narratives. In order to self-assess the effectiveness of its own scrutiny and overview committees, the Council is taking an active role in a peer observation project within the South Wales region. Scrutiny members are observing, and in turn observed by, neighbouring authority members in order to share ideas on how to improve the quality and impact of scrutiny.
- 51 The Council's Performance Information Management System is also accessible online, providing information on current performance and progress, as well as being the source for the statistical reports that are used at all levels within the Council.
- 52 The process of evaluating performance included a series of self-assessments, culminating in the publication of an improvement plan, which reported on performance for 2011-12. We found that the Council is improving its self-assessment processes but there are inconsistencies among services in how well performance information is reported.
- 53 Within its *Improvement Plan 2012/13*, the Council focused on seven key themes, each of which contained descriptions of several aims and activities, supplemented by performance indicators, a number of which did not directly coincide with the narrative descriptions of the actions. Consequently, the Plan does not provide a consistent picture of the Council's performance, and the quality of how well the Council evaluates its performance is variable. Some evaluations are good with clear explanations of performance. For example, the detail provided for the improvement objective 'provide a comprehensive range of education, training and learning opportunities' clearly shows a number of performance indicators which are relevant to the objective. The narrative provides a reasonable explanation of activities undertaken to meet the improvement objective. These include: the implementation of a community focused schools strategy; the introduction of learning coaches; enhanced data packs provided to all schools; and the implementation of a bespoke leadership development programme for staff and governors. The narrative concluded that the improvement objective has thus been achieved.
- 54 Other evaluations of performance did not provide such a clear picture of performance. For example, the evaluation of the improvement objective to 'improve access to play, leisure, sporting and cultural activities' does not provide a robust assessment of the quality of performance. The only performance indicator used relates to the percentage of children who are library

members; there were no other measures in place to assess achievement of any of the other elements within the performance objective. The evaluation did not provide any information on whether the improvement objective had been achieved.

- 55 This year's self-assessment of performance relied primarily on performance indicators and comparisons to all-Wales averages, the latter being used as reference points for success. Some of the services supplemented this 'benchmarking' by comparing their performance with comparable public sector bodies, peer reviews and feedback from stakeholders. However this additional, more qualitative information is not provided by all services and was not adequately publicised within the Plan. By using more qualitative measures that help identify more tangible outcomes for the citizen or service user as well as numeric targets, the Council will be able to present a more balanced range of measures to help members and the public to assess the Council's performance and what difference has been made as a consequence.
- 56 The CSSIW agrees that the Council's self-evaluation process is improving. It states that the Social Services Director's report gave a fair and consistent account of social services directorate work and performance, and of the serious financial challenges it faces. 'The Council has made progress on a number of identified areas for development and is continuing to address these in its business and development plans.' Estyn's opinion on the Council's self-evaluation process will be reported in the improvement assessment letter, following the publication of the Estyn inspection report.

- 57 The auditor appointed by the Auditor General recently gave his opinion on the Council's financial statements. An unqualified opinion was given on 28 September 2012 that expressed satisfaction that the Council has appropriate arrangements in place. (For a copy of the *Appointed Auditor's Annual Audit Letter*, please see [Appendix 3](#).)

The Council's reporting of performance is accessible to the public and meets the requirements of the *Welsh Language Scheme*

- 58 Copies of the Council's Plan were distributed to Council premises and libraries, with a large-print version available upon request. The Plan is available on the internet to make it more widely accessible to citizens and stakeholders, but the Council could do more to promote and publicise its existence on the home page.
- 59 A summary of the Plan is produced in both Welsh and English, meeting the Council's *Welsh Language Scheme* requirements. The Council has a responsibility to provide services to the public in Welsh in accordance with the commitments in its language schemes and to provide an annual monitoring report to the Welsh Language Commissioner outlining its performance in implementing the language scheme.
- 60 The Welsh Language Commissioner noted that there are bilingual members of staff in the Council's contact centre, which enables the Council to deal with all telephone enquiries received in Welsh or English according to language choice.

A survey on the Welsh language skills of staff was conducted during the past year. Analysing the results will allow the Council to be more specific in formulating training programmes in future. The Council will also focus on ensuring that corporate policies and strategies, such as its human resource strategy, are in keeping with the Council's Linguistic Skills Strategy, now that this strategy is in place and operational.

The Council's planning for improvement and its arrangements to support improvement are sound

The Council is developing a more outcome-focused approach to support its planned improvements

- 61 The Council took the decision that the corporate plan objectives would not be amended for 2012-13 to allow the new administration sufficient time to review and, where necessary, adapt the Council's current improvement objectives. A full review of the *Corporate Plan 2010-2014* was therefore undertaken by the new administration. The Council then agreed a new set of eight improvement objectives for 2012-13 on 18 April 2012, with their progress to be reported in October 2013.
- 62 It was also agreed by the Council that it would endeavour to make these eight improvement objectives for 2012-13 more outcome-focused. This was in response to the proposal for improvement in our *Annual Improvement Report* published January 2012, to 'continue the development of outcome-focused measures' moving from reporting arrangements that focus primarily on performance indicators and on the completion, or otherwise, of an action. Thus ensuring:
- intentions are expressed in a way which allows progress to be measured; and
 - reporting arrangements consistently provide councillors with an evaluation of performance in the context of the objective the Council is aiming to achieve.
- 63 The Council is also beginning to introduce new performance management arrangements by developing a new model for service plans. These new types of service plans were initially trialled in three service areas. The Council completed the three pilot areas to develop and report on outcomes; they included Visible Services, Customer Relations and Public Protection. In each of these areas, a service plan was produced with a more outcome-focused approach. Each service plan summarised the activity of the service area and included a self-assessment of performance. An appendix to each plan gave clear objectives in an 'action plan' format so that these could be incorporated directly into team plans, ensuring that the service plans are embedded in the day-to-day service operations.
- 64 Our assessment of the three pilot areas, together with an observation of the business planning workshop, concluded that our proposals for improvement were being implemented.
- 65 The Council is in the process of applying the new model across all of its services. We recognise that it will take time for these to be effectively embedded and provide a sound foundation for effective self-evaluation.
- 66 The Council rolled out these arrangements throughout all services in 2012-13; however, it will take time for these to bed in and underpin the Council's self-evaluation processes. We are confident that by 2014 these new arrangements will be fully established.

The Council has clear and robust financial plans

- 67 In the current financial year, the Council is predicting an overspend of £500,000 which is to be funded from the General Council Fund Balance.
- 68 The Council's medium and longer-term financial plans are clear. The Council is also beginning to align the development of the Plan with the annual budget planning process to improve the connection between service and financial planning, and to strengthen links to strategic and improvement objectives. At present, it is difficult to assess how the projected savings and efficiencies will be delivered whilst the Council drives improvement in its priority areas. There is also potential for periodic 'zero basing' of the budget to deliver further improvement and savings.
- 69 Although the Council's financial plan is based on a range of sound and appropriate information, this could be further extended and made more widely available to those subjecting the plans to challenge and scrutiny. The Council's overall plan is being delivered, with demonstrable improvements in priority services areas and broadly within budget. The Council is regularly monitoring elements of its plans, but does not specifically monitor efficiency savings, and weak linkages between plans reduce the effectiveness of monitoring processes.

- 70 The Council has a track record of good public engagement, and has consulted extensively in relation to the budget and priorities. Members, the public and key stake-holders have all had the opportunity to contribute and comment.

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 Wales Audit Office on behalf of the Auditor General to discharge his duties under section 24 of the Measure. The report also discharges his 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 authority's self-assessment of its performance.

The Auditor General may also in some circumstances carry out special inspections (under section 21), which will be reported to the relevant authorities and Ministers, and which he may publish (under section 22). This published *Annual Improvement Report* summarises audit and assessment reports including any special inspections (under section 24).

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 the Vale of Glamorgan area and Vale of Glamorgan Council

The Council

The Council spends approximately £274.7 million per year (2012-13). This equates to about £3,013.00 per resident. In the same year, the Council also spent £24.4 million on capital items.

The average band D council tax in 2011-12 was £1,122.81 per year. This has increased by 2.24 per cent to £1,148.53 per year for 2012-13; 55.9 per cent of the Vale of Glamorgan's housing is in council tax bands A to D.

The Council is made up of 47 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:

- 21 Labour
- 11 Conservative
- 7 Plaid Cymru
- 4 Llantwit First Independent
- 3 Independent
- 1 UKIP

The Council's Managing Director and Director of Resources is Sian Davies. She is supported by:

- Development Services: Rob Thomas
- Visible Services and Housing: Miles Punter
- Social Services: Phil Evans

Other information

The Assembly Members for the Vale of Glamorgan are:

- Vaughan Gething, Cardiff South and Penarth, Labour Party
- Jane Hutt, Vale of Glamorgan, Labour Party
- David Melding, South Wales Central, Conservative Party
- Andrew T. Davies, South Wales Central, Conservative Party
- Eluned Parrott, South Wales Central, Welsh Liberal Democrat
- Leanne Wood, South Wales Central, Plaid Cymru

The Members of Parliament for the Vale of Glamorgan are:

- Alun Cairns, Vale of Glamorgan, Conservative Party
- Alun Michael, Cardiff South and Penarth, Labour Party

For more information see the Council's own website at www.valeofglamorgan.gov.uk or contact the Council at Vale of Glamorgan Council, Civic Offices, Holton Road, Barry, CF63 4RU. Tel: 01446 700111.

Appendix 3

Appointed Auditor's Annual Audit Letter

Sian Davies,
Managing Director
Vale of Glamorgan Council
Council Offices
Holton Road,
CF63 4RU

Dear Sian Davies

Annual Audit Letter

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor and my reporting responsibilities under the Code of Audit Practice.

The Council complied with its responsibilities relating to financial reporting and use of resources

It is the Council's responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the accounting statements;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that I have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This Code is based on International Financial Reporting Standards.

On 28 September 2012 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. The key matters arising from the accounts audit were reported to members of the Audit Committee in my Audit of Financial Statements report on the 17 September 2012. The most significant of which related to:

- Balancing figure of £27m in the cash flow statement – whilst performing the audit of the cash flow statement it was found that the liabilities balance making up the cash flow included an unsupported balance of £27m, for which no audit trail was available. We discussed this with management and an exercise was performed by management to reconcile the balance. As a result of this exercise, a reconciliation was provided along with supporting documentation and the balancing figure was reduced to £397k.
- Pension Contributions – in common with other local authorities in Wales, the Council was in the process of agreeing equal pay settlements with employees. The accounts included a provision of £8.3m in respect of this liability and the related pension contributions. The legal advice available to the Appointed Auditor suggested that it was appropriate to recognise this liability, however there were diverging legal views and uncertainty regarding the need to recognise a provision in respect of the pension contributions element. The Appointed Auditor concluded that he was not required to undertake any further action regarding this matter as part of the 2011/2012 audit of accounts. However, the Council needed to be alert to any future court decisions on this issue that could clarify the legal position and impact on the need for a provision.
- Insurance reserve – In 2010/11 a new reserve calculation methodology was agreed with management. The calculation had been performed correctly in the 2011/12 accounts, however a difference of £674k had been identified between the calculated value (£350,000) and the reserve valuation shown in earmarked reserves (£1,024,000). Management did not consider the difference to be significant to the accounts and therefore was not adjusted, but instead reported as an uncorrected misstatement.

My consideration 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 (Wales) Measure 2009. Overall, I am satisfied that the Council has appropriate arrangements in place. The Auditor General will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made when he publishes his Annual Improvement Report.

I issued a certificate confirming that the audit of the accounts has been completed on 28 September 2012.

The financial audit fee for 2011-12 is currently expected to be in line with the agreed fee set out in the Annual Audit Outline.

Yours sincerely

John Golding

For and on behalf of the Appointed Auditor

20 November 2012

Local electors and others have a right to look at the Council's accounts. When the Council has finalised its accounts for the previous financial year, usually around July or August, it must advertise that they are available for people to look at. You can get copies of the accounts from the Council; you can also inspect all books, deeds, contracts, bills, vouchers and receipts relating to them for 20 working days after they are made available. You can ask the auditor questions about the accounts for the year that they are auditing. For example, you can simply tell the auditor if you think that something is wrong with the accounts or about waste and inefficiency in the way the Council runs its services. For more information see the Wales Audit Office leaflet, *Council accounts: your rights*, on our website at www.wao.gov.uk or by writing to us at the address on the back of this report.

Appendix 4

Vale of Glamorgan Council's improvement objectives and self-assessment

The Council's improvement objectives

The Council is required by the Welsh Government to make plans to improve its functions and the services it provides. Each year it must publish these plans along with specific 'improvement objectives' that set out the key things that the Council intends to do to improve. The Council must do this as soon as possible after 1 April each year.

The Council published its improvement objectives for 2012-13 in its *Corporate Plan 2011-2014* and *Improvement Plan 2012/13* which can be found on the Council's website at www.valeofglamorgan.gov.uk. They are:

Corporate priorities 2011-12	Improvement objectives 2012-13
Community Leadership	To improve the quality and standard of private sector housing in the Castleland area.
Children and Young People	To reduce the time taken to deliver disabled facilities grants to children and young people and to adults to achieve the Welsh average performance of 2010/11 as a minimum.
Lifelong Learning and Skills	To increase energy efficiency by promoting sustainable practices in our business in order to reduce the Council's carbon footprint.
Community Safety	To increase recycling rates in order to achieve the Welsh Government target for 2012/13.
Regeneration	
Health, Social Care and Wellbeing	To increase the proportion of the Council's housing stock that meet the Wales Housing Quality Standard (WHQS) by 31 March 2014.
Corporate Resources	To increase attendance at secondary schools to achieve the Welsh top quartile performance of 2011/12.
	To maximise use of our property resources.
	To develop effective and sustainable workforce planning arrangements for the Council.

The Council's self-assessment of performance

The Council's self-assessment of its performance during 2011-12 can be found in the same document again on the Council's website at www.valeofglamorgan.gov.uk.

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