

Auditors' Report
Powys County Council

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Statutory Report

- Auditors' report to Powys County Council on its Improvement Plan published June 2003

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Author:	Ceri Stradling
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Certificate

We certify that we have audited Powys County Council's Improvement Plan in accordance with Section 7 of the Local Government Act 1999 and the Audit Commission's Code of Audit Practice. We also had regard to supplementary guidance issued by the Audit Commission.

Respective responsibilities of the Council and the auditors

Under the Local Government Act 1999 (the Act), the Council is required to prepare and publish a Best Value Performance Plan summarising the Council's assessments of its performance and position in relation to its statutory duty to make arrangements to secure continuous improvement to the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Following the Local Government Act 1999, the Welsh Assembly Government (the Assembly) has issued further guidance to Best Value authorities in the Wales Programme for Improvement: Guidance for Local Authorities, which sets out how the new Wales Programme for Improvement will be implemented under Sections 3, 5 and 6 of the Local Government Act 1999. Under this guidance, the statutory Best Value Performance Plan has been replaced by a statutory Improvement Plan (the Plan) which must be published by 30 June of the financial year to which the Plan relates.

The Council is responsible for the preparation of the Plan and for the information and assessments set out within it. The Council's future work programme set out in the Plan should connect to the outcomes of the completed Whole Authority Analysis (WAA) and risk assessment. The Council is also responsible for establishing appropriate performance management and internal control systems from which the information and assessments in its Plan are derived and for ensuring that it provides sufficient capabilities and capacity needed to manage change and improvement. The form and content of the Plan are prescribed in Section 6 of the Act and statutory guidance issued by the Assembly.

As the Council's auditors, we are required under Section 7 of the Act to carry out an audit of the Plan, to certify that we have done so, and:

- to report whether we believe that the Plan has been prepared and published in accordance with statutory requirements set out in Section 6 of the Act and statutory guidance and, where appropriate, recommending how the Plan should be amended so as to accord with statutory requirements;
- to recommend:
 - where appropriate, procedures to be followed in relation to the Plan;
 - whether the Audit Commission should carry out a Best Value Inspection of the Council under Section 10 of the Local Government Act 1999;
 - whether the Assembly should give a direction under Section 15 of the Local Government Act 1999.

Report and recommendations on the Plan

We planned and performed our work so as to obtain all the information and explanations that we considered necessary in order to report and make recommendations in accordance with Section 7 of the Act. For the purposes of our report, we have interpreted compliance with the statutory guidance issued by the Assembly in the Wales Programme for Improvement: Guidance for Local Authorities as being sufficient to meet the statutory requirements under Section 6 of the Act.

We are not required to form a view on the completeness or accuracy of the information or realism and achievement of the Plan published by the Council. Our work therefore comprised a review and assessment of the Plan and, where appropriate, examination on a test basis of relevant evidence, sufficient to satisfy ourselves that the Plan includes those matters prescribed in legislation and statutory guidance and that the arrangements for publishing the Plan complied with the requirements of the legislation and statutory guidance.

Included in the Plan are the Council's estimates for the year ended 31 March 2003.

Actual results for the year may be different from the figures reported, because events and circumstances frequently do not occur as expected and the differences may be material. To the extent that the figures included in the Plan are estimates, our audit work comprised an assessment as to whether the estimates made by the Council had been properly compiled in all significant respects on the basis of the assumptions stated by the Council, as at the date at which the Plan was prepared.

For the purpose of determining whether or not to make recommendations on procedures to be followed in relation to the Plan, our work included a review and assessment, and where appropriate, examination on a test basis of evidence relevant to the adequacy of the systems set in place by the Council for collecting and recording specified performance information; and the testing of specific Performance Indicators (PIs) selected by the Audit Commission in Wales because of the inherently higher risks of their mis-statement.

The work we have carried out in order to report and make recommendations in accordance with Section 7 of the Act cannot be relied upon to identify every weakness or opportunity for improvement. In particular, it has not necessarily covered the same areas as a Best Value Inspection.

Recommendations on procedures for the preparation and publication of the Plan

On the basis of our work, we have a number of comments and recommendations to make in respect of the procedures for the preparation and publication of the Plan. Many of the recommendations have already been incorporated into the Council's improvement work programmes which are linked to its Whole Authority Analysis (WAA), Joint Risk Assessment (JRA) and the 2003/2004 Regulatory Plan.

Whole Authority Analysis (WAA) and Joint Risk Assessment (JRA)

The Council adopted a methodology, developed by Audit Commission in Wales, to review its corporate functions. The review of services was undertaken by a combination of self assessment workshops, focus groups and the application of a risk assessment model developed by the Performance Management Unit. Overall, the WAA provided a good analysis of the Council's corporate aspects but the outputs from the service analysis were somewhat weaker due, primarily, to a lack of performance information for some services.

The Council and the regulators, as part of the JRA, have agreed the risks identified by the WAA, within the limitations described above, and we are satisfied that the Council has taken ownership of the issues and is committed to solutions. However, at this stage the causes of a number of the risks are not known although the lack of relevant performance measures and information, referred to above, is a major factor.

- S1 We recommend that the next risk assessment provides a more comprehensive analysis of service performance and delivery and identifies the causes of all risks. This will require the production of improved performance measures and information for some services (see S6).**

Improvement Plan audit

The main purpose of the Plan is to enable senior managers and members to manage service improvement at the strategic level. The current Plan, which runs to over 100 pages, contains the improvement work programmes for each of the Council's 5 directorates and useful information on existing corporate and service objectives, performance and targets. The Plan is particularly good at identifying poorer performing service areas, primarily through the analysis of the Assembly's national PIs, and summarising improvement proposals. It is, however, less effective at identifying those improvements necessary to support the Council's strategic objectives and priorities. We recognise that this can only be successfully achieved following completion of the current review of the Council's Corporate Plan and clarification of strategic objectives and priorities.

- S2 We recommend that future plans focus more clearly on the Council's strategic priorities and are structured to clearly demonstrate how planned improvements in performance will contribute towards their achievement.**

Recommendations in respect of the procedures to be followed in relation to the Plan

We have also identified a number of issues in respect of the procedures to be followed in relation to the Plan and accordingly, we make the following comments and recommendations:

Performance management

Overall, the Council's performance is improving with almost 75% of the key comparative 2002/2003 national Performance Indicators (PIs) reported in the Plan showing an improvement over the previous year. This is particularly noticeable in the areas of housing, benefits, and environmental and cultural services where all the key PIs show improvement. Performance is, however, deteriorating in approximately 25% of the PIs with continuous improvement less evident in Social Services (see also S7), corporate services and education. The Plan contains explanations and, in most cases, improvement proposals for PIs showing deteriorating performance.

Corporate arrangements for performance management have been in place for a number of years and are set out in a performance management framework. Support is provided by the Performance Management Unit and designated officers in each directorate. This has resulted in significant improvements in a number of areas including the production of Service Delivery Plans (SDPs) and improved reporting of performance. The challenge for the Council is to ensure that the improvements in these areas are maintained and implemented consistently across all directorates and services.

Other areas of performance management, however, require further work and the Council should now focus on improving these elements of the performance management framework. For example, although SDPs are more consistent and detailed than last year, the quality of business plans varies considerably. Also, although monitoring of SDPs and Best Value Review action plans has been undertaken by members in subject committees, Performance Improvement Panel (PIP) and the Principal Scrutiny Committee during 2002/2003, this has not been consistent or sufficiently robust. The Corporate Management Team has not monitored implementation of SDPs or Best Value Review action plans.

S3 We recommend that the Council revisits the monitoring element of the performance management framework and that member, directorate and Corporate Management Team monitoring of SDPs, business plans and Best Value Review action plans is clarified and implemented consistently to ensure a clearer picture of performance and improvement.

There is little evidence that the Council evaluates the impact of implemented SDPs and action plans. The Council acknowledges the need for improvement in this area and a new monitoring form for action plans has been introduced which strengthens the focus on improvement and outcomes. From April 2004, this form will be used to monitor the implementation of the SDPs as it is intended that these will incorporate the Best Value Review and other action plans.

S4 We recommend that all improvement actions are reflected in the SDPs and monitoring reports are evaluative and outcome focused. The Principal Scrutiny Committee and Corporate Management Team should endorse and monitor the effectiveness of this approach.

The reporting of performance information has significantly improved since April 2003. Good examples of performance monitoring reports include those produced by the Technical and Local Services Directorate, the Economic and Community Regeneration Directorate and the Housing Services section of the Community Services Directorate. Reporting arrangements of the other services within the Community Services Directorate and the Corporate Support Service Directorate are not so well advanced. Also, although the monitoring of PIs is undertaken by members on a quarterly basis through reports to subject committees and the PIP, there is a lack of consistency in the evaluation and challenge of performance.

S5 We recommend that the Council ensures consistency in the reporting and monitoring of performance information. As with the recommendation in S4, this is fundamental to the achievement of service improvements and, as such, its effectiveness should be regularly monitored by the Principal Scrutiny Committee and Corporate Management Team.

The Council's directorate work programmes include the improvement areas identified by the WAA and JRA. However, few contain measurable outcomes and SMART targets. We acknowledge that the work programmes are underpinned by SDPs, business and action plans but not all of these contain the clear outcomes and targets necessary to measure and deliver improvements.

It follows, therefore, that the Council is not yet in a position to identify in the work programmes, SDPs and action plans all the sources of capacity/capability it will need to provide the required improvements. We believe there are 4 main sources that should be considered:

- collaborative/collective;
- within the Council;
- requiring national/policy/political decisions;
- external.

Furthermore, although the Plan contains some information on the resource requirements for the corporate work programme, there is little equivalent information for the service work programmes.

S6 We recommend that the Council establish 'critical success factors' underpinned by a suitable range of performance measures, SMART targets and capacity/capability/resource requirements. Some early work in this area has been undertaken by the Engineering and Building Service within the Technical and Local Services Directorate and we recommend that this is evaluated and good practice shared throughout the Council.

Overall, the accuracy of the Council's performance information continues to improve. Our review of a sample of the 2002/2003 PIs reported in the Plan indicated that 20% were inaccurate (2001/2002 = 35%). The majority of the inaccuracies were minor but 29% of the Social Services PIs tested were considered to be materially mis-stated. The Plan does, however, identify those PIs which are likely to be inaccurate.

S7 We recommend that the Group Director of Community Services initiates a review of the directorate's arrangements for validating the accuracy of performance information.

Track record in the implementation of regulatory action plans

Overall, the Council has a good track record in responding to external challenge from regulators. Two of the recommendations in last year's statutory audit report have been implemented with the remaining 3 being partly implemented. We acknowledge that the implementation of the recommendations concerning the corporate planning process will only be possible after the current review is completed.

Recent progress on the implementation of previous inspection and other regulatory action plans has been mixed, as has action to address any shortfalls. Good progress was identified in implementing some action plans including Vehicle Maintenance and Transport Management whilst others, including Development Control and Managing School Places, have been partially implemented.

S8 We recommend that progress against recommendations in audit and inspection plans is rigorously monitored to ensure that improvement actions are implemented.

Recommendations on referral to the Audit Commission in Wales/Welsh Assembly Government

We are required each year to recommend whether, on the basis of our audit work, the Audit Commission in Wales should carry out a Best Value Inspection of the Council or whether the Assembly should give a direction.

On the basis of our work:

- we do not recommend that the Audit Commission in Wales should carry out a Best Value Inspection of Powys County Council under Section 10 of the Local Government Act 1999;
- we do not recommend that the Assembly should give a direction under Section 15 of the Local Government Act 1999.

The Authority must consider this report and formally respond to the statutory recommendations contained within it, within 30 working days.

District Auditor's signature:	
Date:	29 October 2003



STATUTORY REPORT UPON THE AUDIT OF IMPROVEMENT PLAN 2003/4

The Authority is pleased that the District Auditor has certified in that the Council's Improvement Plan was produced in accordance with Section 7 of the Local Government Act 1999 and the Audit Commission's Code of Audit Practice.

As noted in the Statutory Report many of the recommendations made by the Auditor have already been incorporated into the Council's Improvement work programme. However, the Council recognizes the importance of developing its arrangements in accordance with the statutory recommendations listed below.

Ref	Recommendation	Response
S1	We recommend that the next risk assessment provides a more comprehensive analysis of service performance and delivery and identifies the causes of all risks. This will require the production of improved performance measures and information for some services (See S6)	<p>The process for undertaking service risk assessments has been developed to provide a more comprehensive analysis including, where necessary, evidence of performance which may not be demonstrated by a performance measure/indicator. This will allow for other management knowledge /causes of all known risks which may significantly impact of the performance of any service to be taken into account in the analysis.</p> <p>The prioritisation of improvements for services will be aided through improved action planning, (see S3).</p>
S2	We recommend that future plans focus more clearly on the Council's Strategic priorities and are structured to clearly demonstrate how planned improvements in performance will contribute towards their achievement.	<p>The Council is in the process of revising its Corporate Plan and intends to complete the process following public consultation by 31st March 2004.</p> <p>The production of the 2004/05 Improvement Plan will be undertaken in conjunction with the revised Corporate Plan, and will be overseen by Directorate representatives to ensure that performance and necessary improvements support the Corporate strategic objective.</p>



STATUTORY REPORT UPON THE AUDIT OF IMPROVEMENT PLAN 2003/4

Ref	Recommendation	Response
S3	We recommend that the Council revisits the monitoring element of the performance management framework and that Member, Directorate and Corporate Management Team monitoring of SDP's, business plans and Best Value Review action plans is clarified and implemented consistently to ensure a clearer picture of performance and improvement.	The Council recognizes that this is a key area for improvement. The Performance Management Framework will be revised to strengthen and clarify the monitoring and evaluative procedures of action plans and performance information. This information will be reported to and monitored by Members, Directorate and Corporate Management Team. Improved monitoring of these procedures by the Performance Management Unit will be implemented to ensure consistent application across the Council.
S4	We recommend that all improvement actions are reflected in SDPs and monitoring reports are evaluative and outcome focussed. The Principal Scrutiny Committee and Corporate Management Team should endorse and monitor the effectiveness of this approach.	The production of action plans ensuring they are focussed and prioritised will allow a rationalisation of improvement actions for inclusion in the Authority's Service Delivery Plans. Guidance to assist in the production of plans will be incorporated within the Performance Management Framework, and made available on the Performance Management Intranet site. Training upon performance management has already commenced and will be made available as part of the Corporate Training Programme.
S5	We recommend that the Council ensures consistency in the reporting and monitoring of performance information. As with the recommendation in S4, this is fundamental to the achievement of service improvements and, as such, its effectiveness should be regularly monitored by the Principal Scrutiny Committee and Corporate Management Team.	Procedures to ensure that all performance information is reported to the Principal Scrutiny Committee and Corporate Management Team will be included within the revised Performance Management Framework.



STATUTORY REPORT UPON THE AUDIT OF IMPROVEMENT PLAN 2003/4

Ref	Recommendation	Response
S6	We recommend that the Council establish Critical Success Factors underpinned by a suitable range of performance measures, SMART targets and capacity/ capability/ resource requirements. Some early work in this area has been undertaken by the Engineering and Building Service within the Technical and Local Services Directorate and we recommend that this is evaluated and good practice shared throughout the Council.	Work is underway to ensure all action plans achieve the desired outcome through identification of resources- human and financial, and that these support approved Critical Success Factors. (see S4)
S7	We recommend that the Group Director of Community Services initiates a review of the Directorate's arrangements for validating the accuracy of performance information.	<p>With respect to the Social Services performance information, both Social Care and Children Services are planning a comprehensive data validation exercise to ensure that the data presented is accurate. We are concerned that the data does not represent a true account of service provision within Social Services, arising as a result of severe staff shortages within the performance management team.</p> <p>It is very clear within Social Services that data validation is a high priority and to this extent, 5 admin posts have been advertised to recruit staff to work specifically on SSID data validation work. The staff will be based in the area offices and work with practitioners and managers to ensure that caseloads and provisions are accurate. The staff will be appointed until 31st March, 2004 and the integrity of the data on the system at that time will be significantly improved and reliable.</p> <p>We have also been successful in recruiting a Manager who takes up his appointment on the 5th January. We anticipate a full team of permanent staff by 31st March, 2004</p>



STATUTORY REPORT UPON THE AUDIT OF IMPROVEMENT PLAN 2003/4

Ref	Recommendation	Response
S8	We recommend that progress against recommendations in audit and inspection plans is rigorously monitored to ensure that improvement plans are implemented	Arrangements to ensure all accepted recommendations in audit and inspection reports are rigorously monitored are to be strengthened, through the regular reporting to the Principal Scrutiny Committee and Corporate Management Team as defined within the revised Performance Management Framework. (see also S3).