

Auditors' Report **Powys County Council**

INSIDE THIS REPORT

PAGE 3-7

Statutory Report

- Certificate
- Respective responsibilities of the Authority and the auditors
- Report and recommendations on the Plan
- Recommendations on referral to the Audit Commission in Wales/ Welsh Assembly Government

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Auditors' report to Powys County Council on its Improvement Plan published July 2004

Certificate

1. 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 Authority and the auditors

2. Under the Local Government Act 1999 (the Act) the Authority is required to prepare and publish a Best Value Performance Plan summarising the Authority'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.
3. This was supplemented by further guidance on how the Wales Programme for Improvement (WPI) 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 Under this guidance, the statutory Best Value Performance Plan has been replaced by a statutory Improvement Plan (the Plan) which must be published by 30 June of the financial year to which the Plan relates. For one year only, 2004, the publication date was changed to 31 July in order for new authorities to have more time, following the elections, to consider the Improvement Plan before publication.
4. The Authority is responsible for the preparation of the Plan and for the information and assessments set out within it. The Authority's future work programme set out in the Plan should connect to the outcomes of the updated risk assessment. The Authority 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 Welsh Assembly Government.
5. As the Authority'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 an inspection of the Authority under Section 10 of the Local Government Act 1999; and
 - whether the Welsh Assembly Government should give a direction under Section 15 of the Local Government Act 1999.

Report and recommendations on the Plan

6. 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.
7. For the purposes of our report, we have interpreted compliance with the statutory guidance issued by the Welsh Assembly Government in the Wales Programme for Improvement: Guidance for Local Authorities as being sufficient to meet the statutory requirements under Section 6 of the Act.
8. 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 Authority. 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.
9. Included in the Plan, are the Authority's performance estimates for the year ended 31 March 2004. 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 Authority had been properly compiled in all significant respects on the basis of the assumptions stated by the Authority, as at the date at which the Plan was prepared.
10. 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 Authority for collecting and recording specified performance information; and the testing of specific Performance Indicators (PIs) selected by the Audit Commission in Wales (ACiW) because of the inherently higher risks of their mis-statement.
11. 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 an inspection.
12. Many of the issues identified by this work as requiring further attention have already started to be addressed by the Council through their inclusion in improvement work programmes. Others are currently being discussed with the Council.
13. There are, nonetheless, a number of important issues that are fundamental to the delivery of the Council's improvement agenda that are raised as formal recommendations in this report.
14. These recommendations, together with a brief commentary, are included under the following themes:
 - updated risk assessment/Joint Risk Assessment (JRA);
 - Improvement Plan; and
 - track record.

Updated risk assessment/Joint Risk Assessment (JRA) process

15. The Council updated the previous year's risk assessment with the latest available information over a number of areas including the performance of its corporate and service functions and stakeholder satisfaction. The risk assessment was undertaken honestly and robustly and, although hindered by the lack of good quality performance measures and information in some areas, resulted in a risk assessment which identified corporate and service improvement areas and was agreed with the risks identified by ACiW and other regulators to comprise a JRA.
16. We are satisfied that the Council has taken ownership of the issues identified by the JRA, has prioritised its corporate and service risks, and is committed to implementing the necessary improvement actions.

S1 In order to further enhance the Council's risk assessment, performance measures and information should be produced for all corporate and service areas.

Improvement Plan audit

17. The Plan is a concise, user friendly document which contains all the information required by the statutory guidance issued by the Welsh Assembly Government.
18. The Plan's format mirrors that of the 2004-2007 Draft Corporate Plan and contains improvement actions and targets for 2004/2005 (and in some cases beyond) derived from the directorate and service business plans. It also reflects the outcomes of the JRA and contains improvement actions to address the corporate and service risks identified through the risk assessment process.
19. The Plan does not, however, identify the strategic objectives and key performance measures and targets necessary to support the themes of the Draft Corporate Plan and Community Strategy. A number of the service areas included in the Plan eg, Maximising Inward Investment, Creating Quality Jobs, Supporting Tourism, contain little in the way of 'high-level' objectives and targets. Also, although the Plan contains a significant number of outcome based targets, some are concerned solely with inputs and process eg, number of business grants awarded, implement strategies/plans etc.
20. We recognise that further meetings are planned to finalise the draft Corporate Strategy and thereby clarify the Council's strategic objectives. It is also accepted that the Plan contains a number of service based strategies and reviews that require completion before future improvement actions and outcomes can be established. However, if the Council's Improvement Journey is to successfully move to the 'next step', it is essential that strategic aims, objectives and improvement priorities, and their associated key success factors and performance measures, are identified as soon as possible and in time to influence the 2005/2006 budget setting.
21. The Summary Improvement Plan, which is available on the Council's website and at public offices and libraries throughout the county, provides a useful overview of performance and planned improvements. As with the main Plan, it would benefit from a greater focus on the strategic matters referred to earlier.

22. The quality of the Council's performance information is generally good although a review of a sample of Performance Indicators (PIs) included in the Plan identified two that were significantly mis-stated.

S2 The Council's strategic aims, objectives and improvement priorities should be identified as soon as possible and be available for the 2005/2006 budget setting process. Performance against the associated key success factors and measures should be reported in future Improvement Plans and Summaries.

Track record

23. The Council remains committed to both the Best Value principles and the WPI as it seeks to achieve continuous improvement in the way corporate and service functions are delivered. The Plan details progress on the corporate improvement priorities identified in the Whole Authority Analysis and the statutory recommendations made in the previous year's report on the Improvement Plan. It also contains a table of 2002/2003 and 2003/2004 (estimates) national and local PIs. The Plan does not, however, include details of performance against the previous year's service improvement priorities as identified in the Whole Authority Analysis and business plans. Again, this is primarily the result of a lack of clear strategic aims and objectives for 2002/2003 and the identification of the associated service improvement priorities.
24. A comparison of the 2003/2004 PIs contained in the Plan with those of the previous year indicate that performance has improved or remained the same in some two-thirds of the indicators and deteriorated in the remainder. Year on year comparisons of PIs must be treated with caution as, for example, definitions can change and variations in some PIs may be relatively small and therefore not significant in terms of performance. The Council should, however, ensure that the recommendations in the previous section concerning robust and consistent application of the performance management framework are implemented to ensure adverse variations in performance are identified, evaluated and, if possible, corrected at an early stage in the monitoring cycle.

S3 Ensure that deteriorating performance is identified, evaluated and, where necessary, remedial actions undertaken.

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

25. 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 Authority or whether the Welsh Assembly Government should give a direction.
26. 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 Welsh Assembly Government should give a direction under Section 15 of the Local Government Act 1999.
27. The Authority must consider this report and formally respond to the statutory recommendations contained within it, within 30 working days.

Appointed Auditor's signature:	
Date:	29 October 2004