

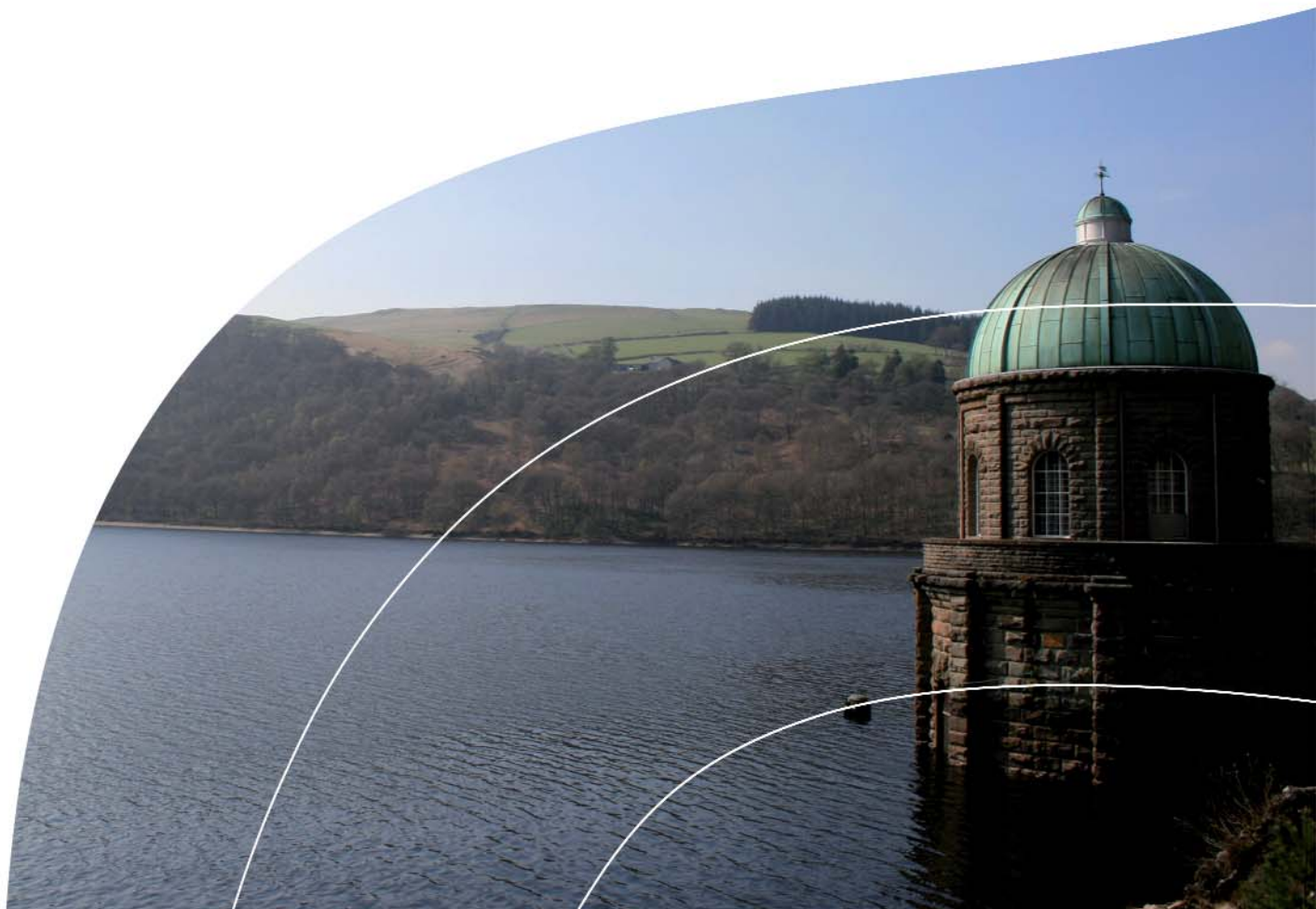


WALES **AUDIT** OFFICE  
SWYDDFA **ARCHWILIO** CYMRU

# Annual Improvement Report

## **Powys County Council**

January 2011



## Annual Improvement Report by the Auditor General for Wales

This report is written by the Wales Audit Office on behalf of the Auditor General for Wales. (An explanation of what the Auditor General does is at Appendix 1). It is a new report that he is required to publish about how well Welsh councils are improving their services. With help from other inspectors like Estyn (for education) and the Care and Social Services Inspectorate for Wales, we have brought together a picture of what the council is trying to achieve; how it is going about it; and what it needs to do to improve its approach to improving services.

This Annual Improvement Report sets out that picture and each year we will produce a report to let you know what progress Powys County Council (the Council) has made. We have not covered all the services the Council provides. We have focused on a small number of things, especially those things that the Council has said are its priorities for improvement.

We want to find out what you think of the services the Council is providing in your area and will be giving you an opportunity to comment in the future. In the meantime we would like to know whether this report gives you the information you need, and whether it is easy to understand. You can let us know your views by emailing us at [info@wao.gov.uk](mailto:info@wao.gov.uk) or writing to us at 24, Cathedral Road, Cardiff CF11 9LJ.

The Wales Audit Office study team that assisted in preparing this report comprised Colin Davies and Justine Morgan under the direction of Jane Holownia.

This report has been prepared by the Wales Audit Office on behalf of the Auditor General for Wales as required by the Local Government (Wales) Measure 2009. The Auditor General for Wales assesses the compliance of Welsh improvement authorities (county councils, county borough councils, national park authorities and fire and rescue authorities) with the improvement requirements of Part 1 of the Local Government (Wales) Measure 2009.

The Auditor General for Wales and his staff together comprise the Wales Audit Office. For further information about the Wales Audit Office please write to the Auditor General at 24 Cathedral Road, Cardiff, CF11 9LJ. Telephone 029 2032 0500, email: [info@wao.gov.uk](mailto:info@wao.gov.uk), or see website [www.wao.gov.uk](http://www.wao.gov.uk).

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# What kind of area is Powys?

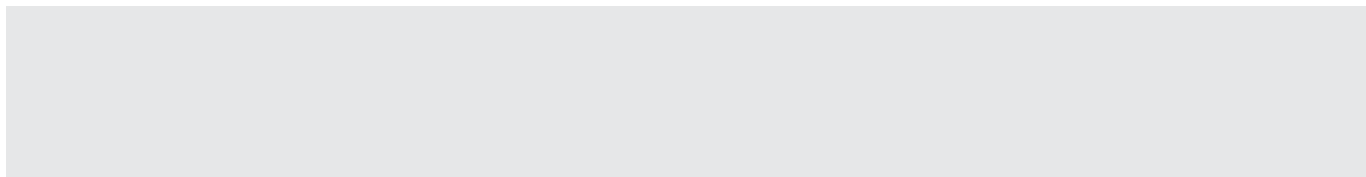
- 1 Powys covers an area of 5,196 km<sup>2</sup>, making it the largest county in Wales by land area. It is bordered to the north by Gwynedd, Denbighshire and Wrexham; to the west by Ceredigion and Carmarthenshire; to the east by Shropshire and Herefordshire; and to the south by Rhondda Cynon Taf, Merthyr Tydfil, Caerphilly, Blaenau Gwent, Monmouthshire and Neath Port Talbot.
- 2 Based on the latest estimate (2009), the population of Powys is 131,736. The age profile of the population shows that in 2009 there were 23,029 children aged 16 and under and 29,537 aged 65 and over. The population of Powys is projected to increase by around 11 per cent by 2033, a significant rise in comparison to some other areas of Wales.
- 3 The number of VAT registered businesses in Powys in 2008 was 8,600 and the main area for these businesses was in construction at 16 per cent.
- 4 Further information about Powys and the Council is attached at [Appendix 2](#).

geographic area  
5,196 km<sup>2</sup>  
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population  
131,736  
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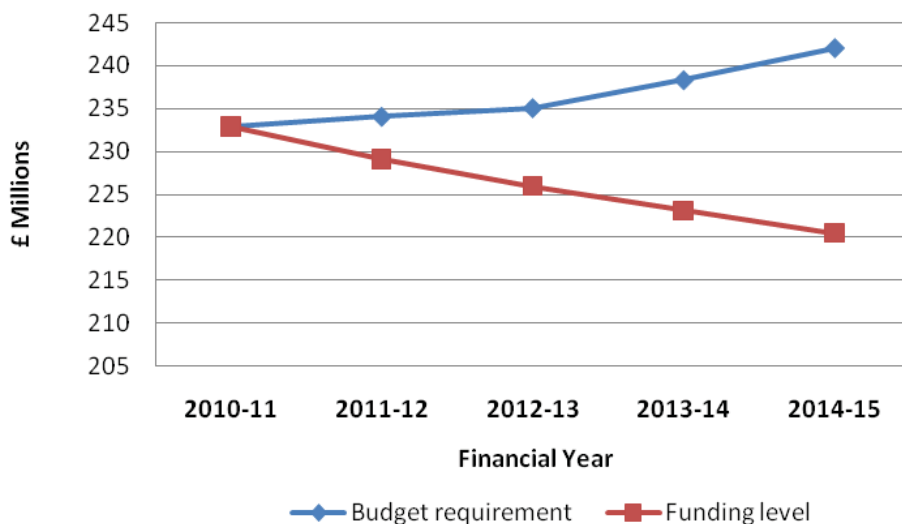
# Is Powys County Council well managed?

- 5 In August 2010 the Auditor General produced a report that sets out how the Council is organised and managed. A summary of this report, known as the Corporate Assessment, is attached at [Appendix 3](#). The whole Corporate Assessment Report can be found on the Council's website or on the Wales Audit Office website at [www.wao.gov.uk](http://www.wao.gov.uk).
- 6 The overall conclusion of the Corporate Assessment was that the Council's commitment to move from a traditional departmental delivery, which has struggled to deliver its priorities, to a more ambitious, cross-cutting and consensual approach has the potential to deliver improvement provided effective supporting arrangements are developed promptly.
- 7 In working more as one organisation rather than a series of departments the Council aims to focus more on what local people need. It will nevertheless have at the same time to improve the way it supports and delivers services.
- 8 Although the Council's plans for the future are ambitious, we found the pace of change had been slow. The Council managed its day to day finances reasonably well although it wasn't planning sufficiently far enough ahead for the medium longer term. We also reported that the Council wasn't getting good information about how it was performing or making best use of its people and IT.
- 9 Since then, although the Council has made progress in addressing the issues identified in the Corporate assessment, it has yet to develop its detailed plans and programmes to a stage where they are capable of demonstrating that the Council is clear on what it needs to do to deliver its improvement objectives, and whether it can afford to do so.
- 10 Since we carried out the Corporate Assessment the pressure has grown on all public services to make the very best use of all their resources. The auditor appointed by the Auditor General has given his opinion on the Council's accounts. His annual audit letter, which provides information regarding the accounts, use of resources and the Council's Improvement Plan is included in this report at [Appendix 4](#).
- 11 The Council continues to develop and refine its approach to medium term financial planning and how to make best use of the money it has. Over the Summer and early Autumn the Council has undertaken further work to assess its likely revenue resource requirements in the future. The net budget requirement is predicted to grow from £233 million in 2010-11, to £242 million by 2014-15.
- 12 At the same time the Council predicts that its funding levels will decrease in the future, resulting in a balanced budget in 2010-11 but a predicted shortfall of £16 million by 2013-14, rising to £21.5 million by 2014-15. This predicted situation is illustrated in [Figure 1](#), and is based upon the best estimates of the Council. There are many assumptions behind these estimates, the most significant being a 3 per cent decrease year on year in funding received from Assembly Government, and a 3.99 per cent year on year increase in Council Tax.
- 13 The Council's budget has been well-managed in recent years with balanced budgets achieved at the corporate level (although some divisions still have historical deficit positions). Overall this places the Council on a sound footing going into a period of significant change and financial cuts as it has a track record of making sure its services are delivered within the overall resources that it has



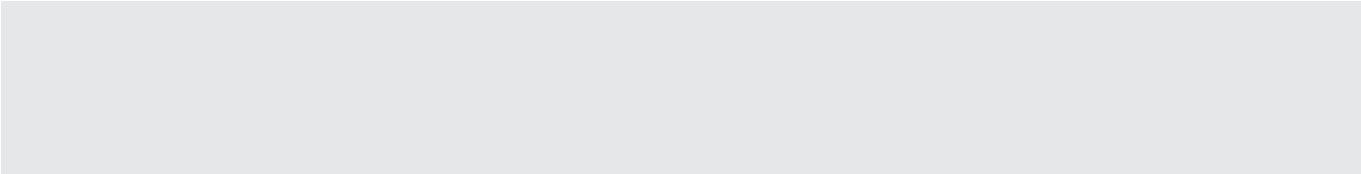
**Figure 1: Predicted budget spend and income 2010-11 – 2014-15:**

The gap between what the Council predicts it needs to spend and the level of resources it will have available will grow in the future unless action is taken to reduce expenditure, or generate more income.



Source: Powys County Council, Medium Term Financial Plan presentation to Board, October 2010.

- available. However, the Council has some real challenges to address if it is to secure the level of savings it envisages.
- 14 The Assembly Government has recently announced the funding levels for Local Authorities for 2011-12, and for the Council that will mean a 1.2 per cent fall in funding for next year. This cut is less severe than the Council’s planning assumptions made prior to the announcement and detailed in Figure 1, but many variables are still unknown. The Council has begun working on a range of options to secure savings.
- 15 The Council is working to link its financial saving plans to the strategic ‘Powys Change Plan’. Some of the more significant areas targeted by these saving plans are:
  - Savings and efficiencies in staff costs and productivity – planning a 10 per cent reduction in full time equivalents within corporate and back office functions over a three year period, and also looking to adopt more flexible work styles including home working and corresponding reduction in office accommodation costs.

- 
- Implementing planned changes in business practices particularly within Local and Environmental Services, and in better fleet management.
  - Public engagement and consultation on non statutory services, with potential for limiting services in less valued areas.
  - Procurement review of key suppliers – starting with the 50 highest value suppliers. Initial work in this area has already indicated the scope for substantial potential savings.
- 16 The Council anticipates that its proposals, which are in the process of being fully developed, will result in sufficient cost savings to achieve a balanced revenue budget over the next five years.
- 17 Capital funding is the money that councils spend on infrastructure, for example new buildings and new equipment. The capital funding available to the Council is set to reduce considerably. Because councils make bids to the Assembly Government for capital funding, it is not possible to be entirely clear about how much each Council will get. The total sum of capital available to councils will fall by 14 per cent in 2011-12 (a real terms cut of 18.5 per cent). There are no official figures for local government capital spending beyond 2011-12 but it is likely to be in line with a general reduction in the Assembly Government's capital spending, which will be cut by around 34 per cent (around 40 per cent in real terms) between 2010-11 and 2013-14. This level of cut in the capital funds available to local government will impact on the Council's plans for the future, and its ability to redesign some services such as the ongoing schools modernisation and rationalisation programme.

# Does Powys County Council know what it needs to do to improve?

## Why should a council set clear objectives?

- 18 The role of local government in Wales is to provide community and democratic leadership. In doing so the Council needs to work with national government to help deliver national priorities and programmes. The Council also needs to develop local priorities having regard to the needs of citizens, the statutory duties and functions placed upon it and in consultation with partners, communities and other agencies.
- 19 Given the wide range of functions carried out by a Council, its obligation to national as well as local requirements, and the need to ensure its resources are used effectively, it is important that there is clarity about what a Council intends to do and why it is doing it. Such clarity provides a framework for making decisions about the use of resources. By ensuring it is able to identify the outcome of its activity the Council can provide assurance to individual elected members, its citizens and others, that it is using its resources in the best possible way.
- 20 The Assembly Government has placed specific requirements on all councils to publish their plans for improving what they do and explaining how they will do it as soon as possible after 1 April each year. They must also publish a list of priorities that they are aiming to improve each year – their improvement objectives.

## What are the Council's improvement objectives?

- 21 The Council approved a new council vision '*Efficient Services for the Green Heart of Wales*' in February 2010, to be delivered through a strategic change model. Between February and July 2010 the Council responded to feedback from members and revised its original draft in line with the requirements of the Local Government (Wales) Measure 2009. In July 2010<sup>1</sup>, the Council published its Corporate Improvement Plan 2010-2014, also known as the Powys Change Plan, setting out its improvement priorities. While the Council published its improvement objectives for 2010-11 in a more timely manner than some other local authorities, it will need to publish its 2011-12 improvement objectives earlier this year in order to comply with the statutory timetable.
- 22 The Council has set itself four 'improvement priorities' and six 'efficiency priorities' (Figure 2). All 10 priorities are supported by a series of 'programme objectives' setting out in more detail what the Council wants to achieve by 2014. The Council intends the efficiency priorities to support the delivery of the four improvement priorities and to release efficiencies as part of meeting its savings target of £16 million.
- 23 There are links between these four improvement priorities and the five themes set out in the earlier Community Strategy 2008-11. However the new set of improvement priorities reflect an attempt by the Council to refocus its improvement activities in recognition that it needs to accelerate progress and focus on a more limited set of objectives.

<sup>1</sup> The Council's Board approved the Change Plan on 13 July 2010.



**Figure 2: Powys County Council's Improvement Priorities**

Improvement priorities	
Adult living	To help the elderly population remain in their homes, but also to improve the condition of housing and prevent homelessness.
Learning in the Community	To meet the challenges of falling school numbers, through the development of multi functional facilities, which provide leaning and leisure opportunities for all the community.
Regeneration	To complete the Powys regeneration strategy as key to creating flourishing communities.
Climate Change	To reduce the Council's carbon footprint, support others in reducing their own carbon emissions and to make Powys more resilient to the effects of climate change, specifically extreme weather.
Efficiency priorities	
Processes	To release efficiencies through more streamlined, less bureaucratic process, which give more power to front line staff.
ICT	To use ICT to support process reengineering and delivery against improvement objectives.
Workforce	To ensure that Council staff are fairly remunerated and appropriately skilled.
Support Services	To achieve efficiencies in support services, through working with partners, such as the health service and other councils.
Assets	To rationalise the Council's property portfolio through development of shared use buildings, and reduce fleet through shared use of vehicles.
Regulation	To redesign services to deliver efficiencies which reflect the Council's current financial position.

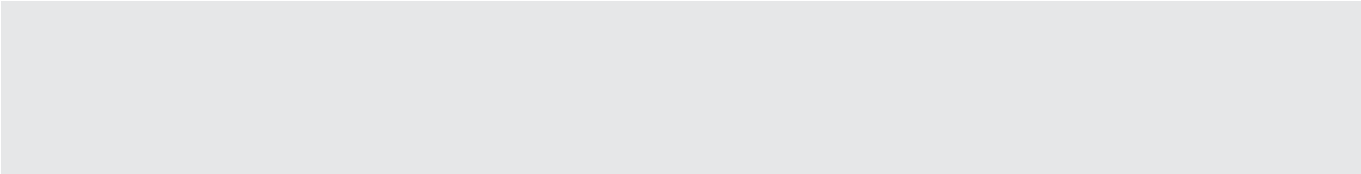
Source: Powys County Council Corporate Improvement Plan 2010-2014

## Has the Council set appropriate improvement objectives?

- 24 We looked at how well the Council involved local people, partners and those that work with and for it, in deciding what it should make a priority. We found that the Council had demonstrated a commitment to developing its improvement objectives with staff, citizens and partners.
- 25 The improvement priorities reflect the Council's consultations with local people through both its 2008 citizens' panel and its 2009 residents' survey. The Council has aligned its improvement objectives with concerns expressed by local people. Local people see older people's care as a priority and this is reflected in the adult living improvement objective. Local people also see recycling as a priority, and one of the objectives of the climate change improvement objective is to re establish and complete a kerbside recycling pilot in Ystradgynlais.
- 26 Through the Local Service Board, the Council consulted with partners on the development of its Change Plan.
- 27 Once the improvement objectives were agreed, the Council did a good job of sharing its plans with local people. The Council published its plans on its website and achieved coverage in the local press, with local newspapers running a number of articles reviewing the Council's new vision and Change Plan. The Council has also distributed hard copies of the Change Plan to its main offices and Council libraries.

## Does the Council have realistic plans to deliver its priority outcomes?

- 28 Service Improvement Plans are a key component of the Council's arrangements for delivering its improvement priorities, and service managers were tasked in February 2010 with producing these Plans by July 2010. The Service Improvement Plans however only became available for audit review in October 2010.
- 29 The Service Improvement Plans clearly demonstrate that services have linked their own improvement objectives to the Council's overall improvement priorities. However, it is less clear that the choices made by the services can deliver the transformational change in service processes and outcomes intended by the Council. In one Plan there was evidence of tensions between what the service saw as their improvement priorities and the Council's overall priorities.
- 30 The Council has also not yet developed comprehensive financial plans to deliver its improvement objectives, and has yet to align its Medium Term Financial Plan to its improvement priorities. Although Service Improvement Plans are required to provide costs for key projects needed to deliver the improvement, not all of these Plans do so – a number indicating that further information was needed before the intervention could be costed. For each of its 10 priorities, the Council has developed Programme Initiation Documents. These documents do not always include an assessment of how much it will cost to deliver the improvements required, and where they do, the costs given are very broad estimates.

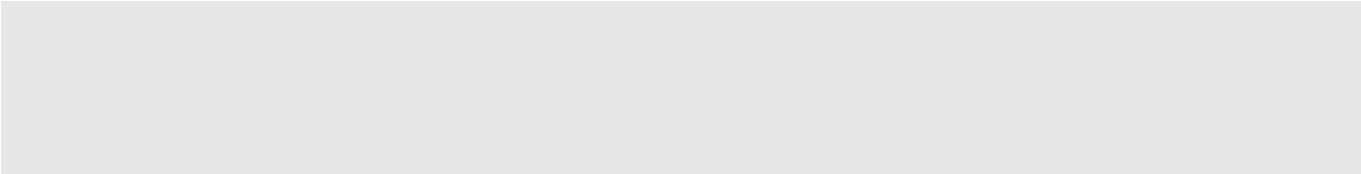


## Will the Council be able to demonstrate whether it has achieved its priority outcomes?

- 31 In setting improvement objectives the Council needs to be clear about what it is trying to achieve, and be able to clearly explain to local citizens what difference achieving these objectives will make to their lives. The Council must have ways of measuring and demonstrating outcomes so that everyone understands whether achieving the improvement objectives has made a difference or not.
- 32 Our audit found that the Council has put in place adequate systems to produce the majority of the 2009-10 national performance indicators used to measure performance. Our detailed findings have been reported to the Council.
- 33 However, the Council cannot yet demonstrate that it has an appropriate set of measures to assess its success in delivering its new improvement objectives. The Council intends to use the existing suite of national strategic measures, and a series of local measures to assess its performance in delivering its improvement objectives. It also intends to rationalise its existing local measures to ensure that it only retains measures relevant to its improvement objectives. However, it has yet to do this. The Council cannot therefore be assured that it has measures in place to assess progress against all of its improvement priorities and the supporting objectives.

# Is Powys County Council serving people well?

- 34 Through our Improvement Assessment we hope to gradually build a picture of how well the Council is serving local people. In order to do that, each year we will examine the Council's services and some of their objectives for improvement as they relate to three important aspects of life in Powys. We think that together, these aspects cover the main things that councils do. They are:
- helping to support people in need;
  - helping people develop; and
  - helping to create a safe, prosperous and pleasant place to live.
- 35 In this year's assessment we have looked at how the Council is doing so far on one objective under each of these aspects, so that next year the Council, and others, will be in a better position to understand how far performance has improved. The objectives we have chosen are:
- Adult Living and how the Council is leading on the development of an integrated model of care;
  - Learning in the Community and how the Council is ensuring community focussed schools and post 16 learning is fit for purpose, linking with leisure and recreation; and
  - Climate Change and whether the Council is reducing the amount of waste sent to landfill.
- 36 We chose these objectives because together they span several key areas of the Council's responsibilities. Overall, if the Council has chosen to make things a priority, then it should be able to measure them in terms of how they affect local people.
- 37 We will look at other improvement objectives the Council is setting itself in our report next year.
- 38 In Wales there is also a need to serve citizens and deliver services through the medium of Welsh, as appropriate to the needs of the community. In 2009, 25.4 per cent of the population of Powys had the ability to speak Welsh compared with 25.6 per cent of the total population of Wales. This is the eighth highest local authority in Wales. The number of pupils assessed in Welsh as a first language is below the Welsh average.
- 39 The Welsh Language Board works with Local Authorities to help them develop their statutory Welsh language schemes that outline the way in which they provide services to the public in Welsh. The primary responsibility for the range and standard of services rests with the Authorities who provide them, working in accordance with the statutory framework and guidelines of the Welsh Language Board. Every Local Authority is expected to provide the Welsh Language Board with an Annual Monitoring Report that explains how its scheme has been implemented. This report allows the Board to offer advice as to how a Council might improve its local arrangements. The Board also undertakes its own reviews to assess the provision of Welsh language services and to promote improvement.
- 40 The Welsh Language Board has praised the Council for establishing the Equalities and Welsh Language Steering Board to have overall authority for the effective implementation of the Welsh Language Scheme across all services. The Steering Board continues to ensure that progress is made in the implementation of the improvement plans that were identified following the impact assessments of the Aim High project.

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- 41 The Welsh Language Board found that the Council was not fully compliant with its Welsh Language Scheme in relation to its website. Welsh language documents and forms were found to be less comprehensive and less up to date than was the English content.
  - 42 The Council has seen a reduction in the number of Welsh speakers in its employment in recent years. The adoption and implementation of a revised Linguistic Skills Strategy should address this issue.

## Is Powys County Council supporting people in need?

- 43 In 2008-09, Powys had the second lowest adult smoking rate in Wales and the second lowest rate of adult obesity, and for 2009-10 the estimated number of individuals referred for alcohol treatment was lower than the Welsh average. The number of Powys residents who engage in physical activities of various kinds (e.g. swimming) is higher than average for Wales, and participants are likely to enjoy benefits in terms of their health and well-being.
- 44 However, the demographics of an ageing population present a number of challenges for the Council. Male life expectancy in Powys for 2006-08 was 79.3 years, which is higher than the Welsh average of 77.0 years and the second highest in Wales. Female life expectancy in Powys for 2006-08 was 82.7 years which is higher than the Welsh average of 81.4 years.
- 45 The role of the Care and Social Services Inspectorate in Wales (CSSiW) is to make professional assessments and judgments about social care, early years and social services and so encourage improvement by the service providers. It works on behalf of Welsh Ministers, but there are a number of safeguards in place to ensure its independence. Under new legislation there is a new framework in place for local authority social services inspection, evaluation and review.
- 46 Directors of Social Services are required to produce an annual self-assessment report on how well services are being delivered. The CSSiW will then undertake a review and analysis of evidence underpinning the report, including evidence from other regulators and inspectors. This analysis will result in an individual inspection and review plan for each council. The CSSiW's analysis, and the inspection and review plan, will be set out annually in a published letter.
- 47 2009-10 is the first full year of the new framework with the purpose being to establish a baseline of current performance. The following paragraphs summarise CSSiW's letter to the Director of Social Services. Once published the letter will be available on the CSSiW website [www.cssiw.wales.gov.uk](http://www.cssiw.wales.gov.uk).
- 48 In general, there is a longstanding need to modernise the Council's adult services and improve its strategic development. Responsibilities and accountabilities of different agencies for strategic development are not clearly set out, there is no effective change management plan nor commissioning and procurement plans for modernising adult services. The allocation to a social worker takes too long and there are significantly more delayed transfers of care than the Welsh average. There is a shortage of services for people with mental health problems, there are insufficient numbers of approved mental health practitioners and the Council is yet to deliver action plans following mental health service inspections.
- 49 In relation to some indicators adult services performance is better than the Welsh average. For example, care plans and assessments are completed relatively quickly and there is good improvement within carers' performance indicators. The Council is maintaining performance in protecting vulnerable adults. However, these more positive signs are significantly outweighed by the challenges facing the Council's adult services.
- 50 In children's services the leadership of the current Head of Service has been key in improving performance in uncertain times. Performance in relation to management of cases is within reach of statutory targets and the Council is ensuring that children are assessed quickly and all assessments are carried out by social workers. The range of

children's services has improved, including services that support independence and social inclusion. The work of the junior Local Safeguarding Children Board (LSCB) is notable practice.

- 51 However, there are also areas for improvement within children's services. The Council should ensure that its revised quality assurance strategy continues to contribute to improvement and that its internal targets are in line with statutory guidance. The Council now needs to consolidate the work it has already done to ensure there is an appropriate range of services to meet the needs of children, young people and care leavers.
- 52 The integration of social services and health services is a key issue and the Council needs to ensure it has appropriate governance arrangements. There is also a need to stabilise senior roles in social services and adult services as well as ensure effective management of children's services continues through future changes.

## Is Powys Council leading on the development of an integrated model of service?

### Why has the Council identified this as an improvement priority?

- 53 The Council recognises that health and social care provision need to be joined up and working collaboratively at a local level for the benefit of the citizens of Powys. The Council has agreed in principle a collaborative approach to delivering services with Powys Teaching Health Board.

54 When the Council consulted local people in 2009, they felt that adult social care should be a high priority for the Council. The Council also acknowledges that its services for adults have not progressed 'at a pace that has kept up with developments elsewhere'<sup>2</sup>.

- 55 In addition, the Council's performance in relation to a number of national and local performance measures demonstrates that the Council needs to improve its services for older people:
- For a number of years, the Council has consistently had a significant problem supporting older people to remain in the community. The rate of older people (those aged 65 and over) supported in the community is a count of social services clients receiving non-residential services. For 2009-10, the rate of older people supported in the community in Powys has fallen considerably since the previous year and was well below the Welsh average.
  - For the three years 2007-08 to 2009-10, Powys failed to meet its own targets for the number of elderly people supported in the community.
  - There is also a national measure for the rate of delayed transfers of care (commonly known as bed blocking) for social care reasons per 1,000 population aged 75 and over. Powys failed to meet its own targets for this measure for 2009-10 and 2008-09 and, as acknowledged by the Council, its performance has been significantly below the Welsh average for the past two and half years.

<sup>2</sup> Annual report of the Director of Social Services.

## Does the Council have realistic plans to develop an integrated model of service

- 56 The Council does not at present have complete, clear or fully costed plans to meet this objective. The service area mainly responsible for delivering against this objective is Adult Social Care. The Service Improvement Plan for this area provides an action plan for the objective of 'redesigning adult social care services', and then makes reference to procurement of services, such as telecare. It makes no explicit reference to an objective of developing an integrated model of service and the focus on telecare provision is unlikely to provide a fundamental redesign of how services are provided in the community in partnership with health. The Service Improvement Plan however does state that the Council first needs to identify an appropriate model before it can identify the costs of implementing it, and hoped that the Council would have chosen an appropriate model by November 2010.
- 57 Since May 2007, the Council has been developing what it calls the Bulth Wells project. Through this project the Council has established a model of integrated health and social care services for this area of Powys. The model has achieved recognition, and is identified in the Assembly Government's Rural Health Plan. However, the Council has yet to secure the funding from the Assembly Government to implement this model. The project requires £36 million funding and the Powys Teaching Health Board has secured £6 million from the Assembly Government, the remainder will be funded by the third or independent sector in the form of a 'core and cluster' provision. Whilst plans state the project will start 'onsite' in June 2011, the Council has yet to secure a partner.
- 58 As part of developing an integrated approach to management and service delivery with the Powys Teaching Health Board, the Council agreed a 9 month trial period, to combine the post of the Health Board's Chief Executive and the Council's Strategic Director for Care and Wellbeing. Unfortunately the recruitment process for the substantive post of Health Board Chief Executive identified a number of conflicting tensions between the role of Health Board Chief Executive and that of the Statutory Director of Social Services. As a result of these tensions the Assembly Government, Health Board and County Council were unable to make an appointment. The Council and the Health Board have now agreed a revised way forward for the integration based upon seeking to align the Council's Adult Living Programme and the Health Board Strategic Outline Programme under the banner of 'Services for the Frail and Elderly'.
- 59 Wide-scale integration of Council and Health Board services will require new governing and managing frameworks as well as potential service redesign. The limited progress to date indicates a gap in change-making capability and capacity within both organisations. Whilst the Council has put in place a number of workstream groups to deliver its new integrated model of service delivery, workstream activities are complex and it is difficult to relate them clearly either to the Adult Social Care Service Improvement Plan or the Adult Living Programme Initiation Document. However, with the aim of securing efficiency savings, the Council is identifying and exploring a number of positive ways of further integrating its management and services with the Health Board (e.g. developing joint budgets; IT provision; shared services etc.) and these initiatives are at varying stages of implementation.



**Will the Council be able to demonstrate whether it has improved arrangements to develop an integrated model of service?**

- 60 The Council's Corporate Improvement Plan 2010-2014 does not align either the national strategic or the local measures to individual improvement objectives. The Council has not developed any outcome-based local measures to assess its progress in delivering against this Improvement objective. It intends only to use the national delayed transfer of care measure to assess its progress in developing an integrated model of service delivery. The Council has set itself targets for each year of the Change Plan for this measure. By the end of 2013-14 the Council intends to have more than halved the rate of delayed transfers of care from 28 in 2009-10 to 10 in 2013-14.
- 61 Meeting its delayed transfer of care targets will enable the Council to go some way to demonstrating that it has improved its arrangements to develop an integrated model of service delivery. However, using a single measure will give only a limited snapshot of the positive impact for citizens should the Council successfully deliver an integrated model of service delivery – i.e. that those aged 75 and over will not remain longer than necessary in hospital due to 'bed blocking'. A successfully integrated health and social care service should deliver a number of other positive impacts and outcomes for citizens, and the Council needs to identify these and develop appropriate measures.
- 62 Both the Programme Initiation Document and the Service Improvement Plan contain a number of 'milestones' against which to measure the Council's success in working towards this improvement objective. However, these milestones tend to be more internal process measures, such as set up working group, review the service or develop an action plan, rather than measurable outcomes for citizens.

## Is Powys County Council helping people to develop?

- 63 Estyn, the inspectorate of education and training in Wales, looks at how well councils are helping children, young people and adults develop knowledge and skills. They carry out inspections of schools, further education colleges and training organisations as well as making judgements on how well councils support these education providers. Estyn, through its regional teams, analyses performance information, visits schools and has regular meetings with Directors of Education to come to a view about the role of the council and about education performance in the area.
- 64 Powys has 13 secondary schools offering education to approximately 9,000 pupils, aged from 11–18 years, with three special schools for 300 learners aged 2–18 years old. In September 2009, 1,465 learners enrolled in school sixth forms. The secondary schools range in size from 330 pupils to 1,140.
- 65 In their evaluation of performance information, Estyn assess relative performance against the free school meal (FSM) benchmark<sup>3</sup>, whereby those local authorities where socio deprivation is less significant are expected to perform at a higher level. Using that analysis, Powys' performance at Key Stages 1 and 2 across all performance indicators falls below the FSM benchmark, even where pupils' performance is above the Wales average.
- 66 The percentage of Powys pupils who, at Key Stage 1 or year group 2, achieved the expected level in English or Welsh first language, mathematics and science in combination fell slightly between 2007 and 2010. Although the current rate (82.2 per cent) remains just above the Welsh average of 81.6 per cent. This however masks under performance by pupils at Key Stage 1 across these subjects, and in Welsh first language in particular, which at 88.5 per cent is below the Welsh average and well below Powys' FSM benchmark.
- 67 The percentage of Powys pupils who, at Key Stage 2 or year group 6, achieved the expected level in English or Welsh first language, mathematics and science in combination rose between 2007 and 2010. Although the current rate (79.4 per cent) is a rise of 3.9 percentage points from 2009, and is now just above the Welsh average of 78.2 per cent, Powys' pupils still underperform when measured against its FSM benchmark.
- 68 Powys has also seen a steady increase in the number of pupils assessed in Welsh as their first language at Key Stages 2 and 3.
- 69 Pupil performance at Key Stages 3 and 4 is good, with results well above the Welsh average, and generally around their FSM benchmark.
- 70 The Pupil-Level Annual School Census uses a broad range of qualifications (beyond GCSEs) gained by pupils at 15 to calculate what is known as the average wider points score. The average wider points score for pupils in Powys has risen at a steady rate over the four year period from 2007 to 2010. During that time Powys' score has always been above the Welsh average, and within the top quarter of local authorities in Wales.
- 71 The number of school days missed through authorised absences in primary and secondary schools, and exclusions in secondary schools, is a cause for concern.

<sup>3</sup> The proportion of pupils entitled to free school meals is used as one of the main indicators as to levels of socio-economic disadvantage for either an individual school or a local authority. Relative poverty has a significant impact on overall educational achievement.

72 The number of young people between the ages of 16 and 18 who are not in education, employment or training (NEET) is relatively low. The percentage of working age adults in Powys with no qualifications has gradually fallen since 2001. By 2008 the level was 15.2 per cent, this is above the Wales average of 14.6. Since 2001, there has also been an increase in the percentage of working age adults with qualifications at NQF level four, so that by 2009 Powys was ranking in the upper half of the 22 Welsh local authorities.

### Is Powys ensuring that it has a portfolio of schools and post 16 learning which is fit for purpose and based on the principle of community focused services, including leisure and recreation developed with the Children and Young People's partnership?

#### Why has the Council identified this as an improvement priority?

- 73 The Council has identified falling pupil numbers as one of its key challenges, the other being the scale of its schools and colleges maintenance backlog<sup>4</sup>.
- 74 Pupil numbers in secondary schools have been falling for the past five years and this trend is predicted to continue until 2015. In June 2010, the Council had 15 per cent surplus places in its secondary schools, predicted to increase to 25 per cent within five years. The bulk of the money received by schools is calculated on the basis of the number of pupils. The projected reduction in the number of pupils means that secondary schools in Powys would receive £3 million per annum less within six years.

75 In January 2006, the Council had over 25 per cent surplus places (reduced to 21.8 per cent by 2009), at a cost of over £4 million (2006) in primary schools.

### Does the Council have realistic plans to ensure that it has a portfolio of schools and post 16 learning which is fit for purpose and based on principle of community focussed services, including leisure and recreation developed with the Children and Young People's partnership?

- 76 Estyn found that the Council had been slow over the previous decade to tackle their surplus school places, which has put them behind other councils. However, the Council's approach to modernising its educational provision had a number of strong features:
- primary and secondary school strategies for re-organisation are being agreed and, since 2008, the Council has developed an increasingly strategic focus based on area clusters, supported by Local Area Catchment Boards (with broad ranging membership) intended to integrate corporate priorities and local needs and interests;
  - officers have worked effectively to ensure that members are fully signed up to the Council's plans;
  - the Council has completed a rigorous analysis of pupils' educational needs, and of the needs of local communities to identify options for each area; and
  - the Council communicates effectively with local communities through local School Catchment Area Project Boards to develop consensus on plans.

<sup>4</sup> Other identified drivers for change within the secondary and post 16 education are curriculum changes; the need to enhance delivery through Welsh and the social inclusion agenda.

77 The most well developed part of the Council's modernisation strategy is the restructuring of primary school provision in the Ystradgynlais area. Investment of £37 million is underway to provide four new facilities and to refurbish the area's secondary school. The new facilities will mean that the Council is able to make more local provision for primary aged children with special needs. The Council will close 10 primary schools in the Ystradgynlais area. Estyn tell us that local stakeholders in the Ystradgynlais area have a very positive view of the way the Council has managed this reorganisation.

78 Other phases of the Council's modernisation strategy for its primary schools are at earlier stages, with the Council envisaging that it will have implemented the outcomes of all of its four area catchment based reviews of primary provision by September 2014. The local Catchment Area boards will oversee this process, an approach which looks cohesive and well positioned to address local area concerns, and help develop local bespoke solutions. However, it remains to be seen whether the boards can deliver in a timely manner this ambitious agenda across the County.

79 The estimated cost of implementing the primary school modernisation programme is £43 million. The Council aims to use funds from the Assembly Government's 21st Century Schools programme to accelerate implementation of its modernisation agenda for primary schools, in order to realise efficiencies as early as possible. In line with the deadline of 10 December 2010, the Council submitted its proposals for funding to the Assembly Government.

80 In June 2010, the Council published its Strategic Outline Programme for secondary and post-16 education in Powys, outlining its aspirations for modernising its secondary school and post-16 sectors. The Council has set out its preferred options for both 11-16 education and post 16 education in the county. The Council will begin a three month public consultation on its proposed approach on 24 January 2011.

81 Under its Change Plan, the Council is committed to aligning its schools modernisation programme and its plans for leisure, regeneration and developing community based support services. We endorse the Council's objective of developing multifunctional sites, hosting a range of services and facilities, although such an ambitious and wide ranging agenda will pose significant challenges of the already stretched corporate capacity of the Council to deliver.

**Will the Council be able to demonstrate whether it has improved arrangements for ensuring that it has a portfolio of schools and post 16 learning which is fit for purpose and based on principle of community focussed services, including leisure and recreation developed with the Children and Young People's partnership?**

82 The Council has identified four measures that it will use to assess its progress in delivering this objective:

- number of available places at schools maintained by the Council;
- number of schools with deficit budgets;
- number of schools with surpluses in excess of five per cent; and
- number of schools with an overall condition assessment status of C or D.

- 83 With the exception of the last measure, the Council has set annual targets for each measure over the lifetime of the Change Plan.
- 84 These measures and targets will enable the Council to assess some aspects of its overall objective; it is clearly the case that fit for purpose education facilities include buildings which are in a suitable condition and services which are run as efficiently as possible. However, currently it is not clear how the Council will assess whether its new arrangements deliver a service that is community focussed and delivers the leisure and recreation opportunities required by the community.
- 85 The Council maintains the principle that its Schools Modernisation agenda is about developing 21st century schools (Figure 3) but it does not have a broad set of measures to capture its philosophy of schools 'with resources for the whole community which can offer a range of co-located facilities such as childcare, health and social services, and adult learning'<sup>5</sup>.

**Figure 3: 21st century schools**

**The Assembly Government's 21st Century Schools programme provides funding to local authorities to develop:**

- learning environments for schools in Wales that will enable the successful implementation of strategies for school improvement and better educational outcomes;
- greater economy and efficiency through better use of resources to improve the cost-effectiveness of the education estate; and
- a sustainable education system with all schools in Wales meeting national building standards and reducing the recurrent costs and carbon footprint of the public estate.

<sup>5</sup> June 2010 Strategic Outline Business Case for secondary and post 16 education

## Is Powys County Council helping to create a safe, prosperous and pleasant place to live?

- 86 Crime rates are low in Powys; it has had one of the lowest rates of recorded crime in Wales over the past seven years. But, Powys' roads are currently the most dangerous in Wales, a situation which is directly linked to their popularity with motorcyclists. For 2009, the rate (per head of population) at which people were killed was the highest in Wales and more than twice the Wales average – although rates have been in decline since 2000. This key issue features significantly in Powys Community Safety Plan and the Council is working closely with its partners, in particular Dyfed Powys Police, to seek to reduce the number of people killed or seriously injured in collisions on Powys' roads.
- 87 The residents of Powys are more likely to be employed than the residents of all but one other Welsh local authority, but wages in the local authority are lower than across almost all 22 local authorities in Wales. In July 2010, 2 per cent or 1600 residents of the working age population declared they were out of work by claiming the Jobseekers Allowance and National Insurance credits. The Welsh average was 3.6 per cent and Powys has the second lowest level of unemployment in Wales. In 2008 the employment rate in Powys was 76.1 per cent, this was the fourth highest amongst the 22 Welsh local authorities.
- 88 This high level of employment has a positive impact for children living in Powys; in 2008 Powys had one of the lowest rates of children living in workless households. In 2009 the average weekly earnings in Powys stood at £434, which was one of the lowest amongst the 22 Welsh local authorities and below the Welsh average.
- 89 The latest data on Powys' ecological footprint, that is the amount of productive land and water required to support its levels of consumption and waste production, are somewhat out of date, as they relate to 2006. However, the data for that year shows Powys' ecological footprint was the second highest amongst Welsh local authorities.
- ### Is Powys Council reducing the amount of waste sent to landfill?
- #### Why has the Council identified this as an improvement priority?
- 90 The Assembly Government has set councils a target to recycle and compost 52 per cent of waste by 2012 and 70 per cent of waste by 2024, consequently reducing the amount of waste they send to landfill. This is also an area of significant financial materiality – should the Council fail to reduce the amount it sends to landfill it will be liable to fines under the Landfill Allowance Scheme of £200 per tonne and will also incur increased costs as a result of increasing disposal costs.
- 91 By setting this issue as an improvement priority, it shows that the Council is committed to addressing underperformance. In 2006-07, Powys was one of only two Welsh councils to meet the Assembly Government's 2010 recycling/composting targets – meeting the 40 per cent target three years ahead of the requirement. In the same year, the Council was 12 per cent above the Wales average. However, since then, performance has dipped by 2 per cent and the Council is now only operating at the Welsh average by this measure.

92 The Council's Improvement Agreement 2009-10 required it to complete a number of activities to reduce the level of waste which is taken to landfill. Both our assessment and the Council's own assessment showed that it had not met the required actions it set itself for 2009-10. The Council acknowledges that, as other councils have introduced new waste collection services, it has fallen behind.

**Does the Council have realistic plans to reduce the amount of waste it landfills?**

93 The Council has a strategy to reduce waste through its 'Environment Project'. The project is essentially a new collections system, under which all households will receive a weekly collection of food and 'dry recycling', such as paper, glass, cans and textiles, and a fortnightly collection of non recyclable material. All services are to be provided by in-house operatives.

94 A pilot of the new waste collection service with 4,000 households in Ystradgynlais has been rolled out. Initial results are very positive, increasing recycling from 10 tonnes per week to 24 tonnes per week. However the Council has yet to obtain Board approval to roll out across the whole of the county in order to meet the 2012-13 target of 52 per cent waste recycled or composted. It plans to do so in spring 2011.

95 The new system of 'kerbside sort' is in line with the Assembly Government's preferred method of recycling collection and so reduces the risk that grant funding will be withdrawn. The Council are in a partnership with Ceredigion County Council to procure an anaerobic digester, a treatment facility for food/green waste. The procurement process is well underway and the facility is due for completion by July 2013, utilising Assembly Government grant funding.

96 In recognition that successful implementation of a new collections scheme requires political and public support, the Council has developed a communications plan. This plan has included a series of road shows and articles in the Council newsletter and the local press.

97 The Council estimates the total project cost to be £10.1 million (including £7.7 million of capital spending). The Medium Term Financial Plan currently contains £3 million growth for the waste management service to enable the new collection system to be implemented. Council papers<sup>6</sup> state that financial modelling undertaken so far shows that the proposed scheme can be implemented within this budget.

98 However, there are significant risks to successful implementation of the new collections service:

- Board approval has yet to be secured for full implementation of the new collections service across the whole of the county. Failure to achieve Board approval in the spring of 2011 will prevent the Council meeting its recycling and composting targets.
- The Council lacks information on public participation in recycling, and so is not well placed to target those groups who are not recycling. It does not intend to look at rates of public participation in recycling until it has introduced its new collections service – the date for which has yet to be determined.
- The estimated revenue costs impact on the reduction in landfill tax should the project succeed, and so actual revenue costs are likely to exceed estimates.
- The Council has been slow in recent years to keep pace with the level of change to waste services required and now has only a year to get a new system in place in order to meet its

<sup>6</sup> 8 June 2010 paper to the Board on Implementation of new recycling and waste collection service

target for recycling and composting. The development of the new collections regime has been subject to considerable delays. The new service was initially scheduled to start in April 2010. The Council missed this date, and a new timetable for implementation has yet to be agreed, but will not be before the spring of 2012. The Council has told us that delays are due to staff changes and changes in member roles.

- The Council does not yet have firm plans for dealing with residual waste, as it is still exploring a number of options.
- There is uncertainty over whether the Assembly Government will provide councils with grants for waste management from 2011-12 onwards.

**Will the Council be able to demonstrate whether it has improved arrangements for reducing the amount of waste it landfills?**

99 The Council is confident that, with the introduction of its new collections service, it can meet three of the four Assembly Government recycling and composting targets. The Council told us that it will struggle to meet the final 70 per cent target of waste recycled and composted by 2024. However, a recent Wales Audit Office review of waste management across Wales found that most councils shared Powys County Council's uncertainty about whether they could achieve this target.

100 There are four national measures which the Council intends to use to measure whether its arrangements to reduce the amount of waste it landfills have improved. These relate to:

- the percentage of municipal waste collected by local authorities and prepared for reuse or recycled, including source segregated bi-wastes that are composted or biologically treated in another way; and
- the percentage of municipal waste collected by local authorities sent to landfill.

101 The Assembly Government has set all councils with recycling and composting targets to meet for 2013, 2016, 2020 and 2025. In addition, for each of the above measures, the Council has set itself annual targets for the lifetime of its Change Plan. The Council may revise its annual targets upwards when it has fully evaluated the results of its Ystradgynlais trial, as early indications show that the pilot is a success.

102 Achieving both its annual targets and the Assembly Government's targets for the medium term will enable the Council to demonstrate that it has improved its arrangement for reducing the amount of waste it landfills.

103 The Council's current arrangements for collecting waste will not enable them to meet these national and local targets on waste. The Council's own model shows that they will only meet 64 per cent by 2025 rather than 70 per cent. This shortfall is comparable with a number of councils across Wales.



# What should Powys County Council do?

104 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 Assembly 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 them to do something about them and we will follow up what happens.

105 We do not consider that there is a need to recommend Ministerial intervention, nor do we consider there should be a special inspection or formal recommendations for improvement. Instead we think the Council needs to consider the following proposals to help it improve.

## Proposals we made in our earlier work

- the Council should, as a matter of priority:
  - develop its Project Initiation Documents including milestones and improvement measures;
  - formalise a communication strategy to ensure that all staff understand what is required of them in relation to the Strategic Change Model; and
  - publish its Improvement Plan so that citizens know and understand what the Council is seeking to deliver.
- develop financial and workforce planning arrangements to ensure that resources are allocated, monitored and reviewed in line with agreed priorities in the Strategic Change Model;
- further develop the Medium Term Financial Plan to include details of how savings will be achieved and incorporate these within the relevant service plans;
- the Council should strengthen aspects of its performance management arrangements by:
  - developing outcome measures that demonstrate how and to what extent the Council is making a difference to the lives of Powys citizens; and
  - linking strategic and service improvement planning with the Medium Term Financial Plan and other key plans and priorities for improvement.
- support the Local Service Board in completing the review of the Community Strategy and the development of the Single Delivery Plan ensuring that it contains measurable outcomes for the citizens of Powys.

## New proposals

- drive and monitor the implementation of our earlier proposals (above) in order to help develop plans and programmes that are capable of supporting delivery of the transformational improvements in services, and the financial savings set out in the Corporate Improvement Plan 2010-2014;
- ensure service improvement plans incorporate realistic estimates of financial, staff and other resources required to deliver proposed actions, and review their affordability in the context of reduced resource availability; and
- publish its 2011-12 improvement priorities and plans to achieve them in accordance with statutory timescales and ensure that citizens can be clear on what the Council intends to focus its activity on, what beneficial outcomes they can expect, and how they may propose new improvement objectives during the year.

# Appendix 1

## About the Auditor General for Wales and this report

### The Auditor General

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 Wales Audit Office helps the Auditor General by examining various aspects of how Welsh public bodies work. It was created in 2005 when the National Audit Office in Wales and the Audit Commission in Wales merged.

The Auditor General is the external auditor of the Assembly Government and its sponsored and related public bodies; the National Assembly for Wales Commission and National Health Service (NHS) 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.

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 law which created the Wales Audit Office also expanded the powers of the Auditor General to follow the 'public pound' wherever it goes.

### This report

The Local Government (Wales) Measure (2009) introduced new responsibilities for the Auditor General, including a responsibility to publish his assessment of each council/authority's arrangements to secure continuous improvement.

This report has been produced by the Auditor General for Wales to discharge his duties under section 24 of the Measure 2009. The report also discharges duties under section 19, namely; to issue a report certifying that he has carried out an audit under section 17 and an improvement assessment under section 18.

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 authorities, national parks, and fire and rescue authorities.

The main piece of work for the Wales Audit Office, to enable the Auditor General to fulfil his duties, is an annual Improvement Assessment<sup>7</sup>.

<sup>7</sup> This assessment will be conducted for each improvement authority, under section 18 of the Measure. For each authority, it will determine whether the authority is likely to comply with the requirements of Part 1 of the Measure. The WAO will also undertake an improvement information and planning audit, as required under section 17 of the Measure, in order to ascertain whether the authority has discharged its duties under section 15(1) to (7).



This annual Improvement Assessment will be informed by a:

- Corporate Assessment - a forward-looking assessment of an authority's likelihood to comply with its duty to make arrangements to secure continuous improvement; and
- Performance Assessment - 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.

The output(s) from these assessments will be issued by the Auditor General as Audit and Assessment Report(s), under section 19 of the Measure. In publishing this report under section 19, the Auditor General for Wales is certifying that we have undertaken a section 17 audit and a section 18 improvement assessment.

The Auditor General may also in some circumstances carry out Special Inspections (under section 21), in respect of which he will provide a report to the relevant authorities and Ministers, and which he may publish (under section 22).

The Auditor General will summarise Audit and Assessment Reports in this published Annual Improvement Report (under section 24). This will also summarise any reports of Special Inspections.

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 will also take account of information shared by relevant regulators (under section 33) in his assessments and this report will summarise any work undertaken by them.

The Auditor General sets out the fee for his performance audit work undertaken to discharge his duties under the Measure at each local authority in a Regulatory Programme agreed each year with the authority. The fee for November 2009 until March 2011 is currently expected to be in line with that set out in the Regulatory Programme.

## Appendix 2

### Useful information about Powys and Powys County Council

The Constituency Assembly Members for Powys are:

- Kirsty Williams, Brecon and Radnorshire, Liberal Democrat
- Mick Bates, Montgomeryshire, Liberal Democrat

The Members of Parliament for Powys are:

- Glyn Davies, Montgomeryshire, Conservative
- Roger Williams, Brecon and Radnorshire, Liberal Democrat

There are 73 Councillors for Powys who represent the community and make decisions about priorities and use of resources. The Council is made up of Members from the following political groups:

- 4 Labour
- 9 Conservative
- 15 Liberal Democrat
- 43 Independent
- 2 Not affiliated

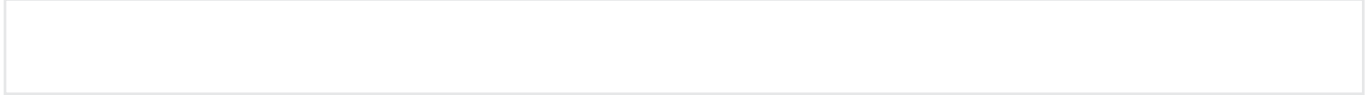
In 2008-09 the Council's gross revenue spend was £286 million, equating to £2,154 per resident. In that year the Council also spent £26 million on capital items. The average band D council tax in 2009-10 for Powys was £1,057.32 per year, which will increase by 4.29 per cent to £1,102.70 for 2010-11.

#### **Corporate Management Team**

The Council's Chief Executive is Jeremy Patterson. The Chief Executive is the Head of Paid Service.

The Leadership Team is made up of:

- Caroline Byrt, Strategic Director, Care and Well-Being
- Geoff Petty, Strategic Director, Finance and Infrastructure (Section 151 Officer)
- Paul Griffiths, Strategic Director, Communities, and Skills and Learning
- Clarence Meredith, Strategic Director, Law and Governance (Monitoring Officer)
- Cliff Shields, Director, Performance, Partnerships and Modernisation



The Council is required by the Assembly 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 the 1 April each year.

For more information see the Council's own website at [www.powys.gov.uk](http://www.powys.gov.uk) or contact the Council at County Hall, Llandrindod Wells, Powys, LD1 5LG.

# Appendix 3

## The Auditor General's Corporate Assessment

The main conclusions of the Auditor General's Corporate Assessment which was issued to the Council in June 2010 are set out below:

**The Council's commitment to move from traditional departmental delivery, which has struggled to deliver its priorities, to a more ambitious, cross-cutting and consensual approach has potential to deliver improvement provided effective supporting arrangements are developed promptly.**

### How the Council has approached improvement over time

The Council has a recent history of change and has not consistently delivered its established priorities in some areas but its developing Strategic Change Model has the potential to support improvement, if it is promptly developed and carefully managed.

The Council has not consistently delivered its long-standing priorities in some key service areas and its progress in other areas has been slow.

The Council has a new management team and political administration which is committed to changing services for the better and making best use of available resources.

Achieving the Council's ambitious objectives will be difficult without simple and effective supporting arrangements delivered quickly by the new leadership.

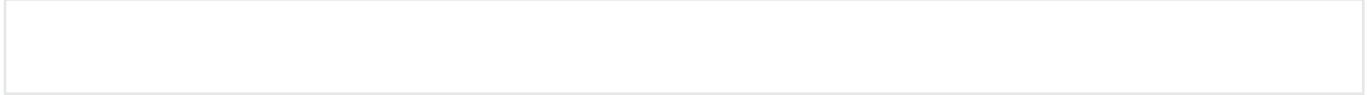
### Analysis of the Council's arrangements to help it improve

New leadership and management arrangements are communicating the Council's vision and strategy and helping increase engagement but progress may be slowed by weaknesses in arrangements to support delivery of the strategic change agenda.

The new management team is providing clear corporate leadership and supporting positive partnership working but is only beginning to develop the detail of its strategic change programme and business planning arrangements.

The Council has a sound track record of budgetary control but service and financial planning arrangements are not well integrated and longer term financial planning is not yet adequate to support its strategic change agenda. People management is still underdeveloped and not helping the Council deliver improvement.

Performance management arrangements are not adequate to support delivery of the cross cutting change programme.



The Council has started to put building blocks in place to allow ICT to support improvement, but significant barriers remain to be addressed.

For the full report see our website at [www.wao.gov.uk](http://www.wao.gov.uk) or contact us at the address on the inside cover of this report.



# Appendix 4

## Annual Audit Letter to the Members of Powys County Council

### **Powys County Council complied with financial and performance improvement reporting requirements but is facing significant financial pressures in the near future**

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;
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- publish its Improvement Plan by 31 October.

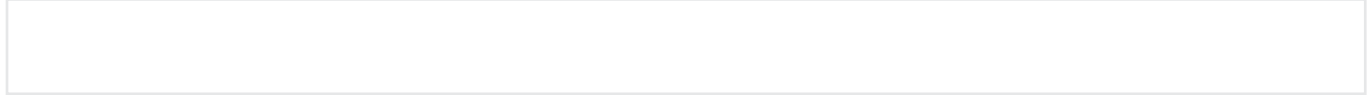
The Code of Audit Practice issued by the Auditor General (the Code) requires me to:

- provide an audit opinion on the accounting statements;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources;
- consider whether the Improvement Plan is prepared and published in accordance with statutory requirements; and
- issue a certificate confirming that I have completed the audit of the accounts.

On 27 September 2010 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 transactions. My report is contained within the Statement of Accounts.

The following issues were identified during the accounts audit:

- the accounting statements preparation processes have continued to improve, resulting in good quality draft statements supported by comprehensive working papers;
- there were no uncorrected misstatements to report, as whilst a number of misstatements were identified during the audit process, these were all amended in the final audited financial statements signed on 27 September 2010;
- the Whole of Government Account's return was prepared effectively and in accordance with the Assembly's timetable; and
- there are inherent uncertainties relating to the valuation of unquoted investments on the pension fund balance sheet, although I am content they are materially accurate at 31 March 2010.



My review 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 LG Measure. The main findings from this latter work will be set out in the Annual Improvement Report. In addition I also bring the following issues to your attention:

- Budgetary control and monitoring arrangements are in place and medium-term financial planning is developing, but the Council faces significant financial pressures in the future and needs to ensure its medium term financial plan supports its service delivery plans. This is referred to further in the Annual Improvement Report.
- Service strategic plans need further development to support the delivery of the published strategic change plan.
- Historical arrangements for some waste contracts and agreements are in need of modernising to offer better internal control and to ensure value for money, the Council has recognised this issue and intends to take action within the context of the Council's waste strategy going forward.

The Council's Improvement Plan 2010-2011 meets statutory requirements and the Improvement Assessment Report will include suggested further improvements.

I issued a certificate confirming that the audit of the accounts had been completed on 27 September 2010, although we are currently reviewing an item referred to us under the Public Interest Disclosure Act.

The financial audit fee for 2009-10 is currently expected to be in line with that set out in the Financial Audit Strategy.

Yours sincerely

John Herniman  
Appointed Auditor  
29 November 2010

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 June or July, 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](http://www.wao.gov.uk) or by writing to us at the address on the inside cover of this report.

# Appendix 5

## Powys County Council's improvement objectives

The Council published its improvement objectives in its Corporate Improvement Plan 2010-2014, also known as the Powys Change Plan which can be found on the Council website at [www.powys.gov.uk](http://www.powys.gov.uk).

They are:

Improvement priorities	
Adult living	To help the elderly population remain in their homes, but also to improve the condition of housing and prevent homelessness.
Learning in the Community	To meet the challenges of falling school numbers, through the development of multi functional facilities, which provide leaning and leisure opportunities for all the community.
Regeneration	To complete the Powys regeneration strategy as key to creating flourishing communities.
Climate Change	To reduce the Council's carbon footprint, support others in reducing their own carbon emissions and to make Powys more resilient to the effects of climate change, specifically extreme weather.
Efficiency priorities	
Processes	To release efficiencies through more streamlined, less bureaucratic process, which give more power to front line staff.
ICT	To use ICT to support process reengineering and delivery against improvement objectives.
Workforce	To ensure that Council staff are fairly remunerated and appropriately skilled.
Support Services	To achieve efficiencies in support services, through working with partners, such as the health service and other councils.
Assets	To rationalise the Council's property portfolio through development of shared use buildings, and reduce fleet through shared use of vehicles.
Regulation	To redesign services to deliver efficiencies which reflect the Council's current financial position.

# Appendix 6

## References

All the data referred to within the report is drawn from one of the following sources:

- Welsh Assembly Government, StatsWales
- Welsh Assembly Government, local area summary statistics
- Improvement Authority's own websites and improvement plans
- The Wales Yearbook
- The Home Office
- Members' Research Service
- Office for National Statistics