



24 Cathedral Road / Heol y Gadeirlan
Cardiff / Caerdydd
CF11 9LJ
Tel / Ffôn: 029 20 320500
Fax / Ffacs: 029 20 320600
Email / Epost: wales@wao.gov.uk
www.wao.gov.uk

Mr Mark James CBE
Chief Executive
Carmarthenshire County Council
County Hall
Carmarthen
SA31 1JP

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Pages	1 of 10

Dear Mark

Improvement Assessment

I am required under the Local Government (Wales) Measure 2009 (the Measure) to report my audit and assessment work in relation to whether Carmarthenshire County Council (the Council) has discharged its duties and met the requirements of the Measure.

This letter summarises:

- my views on whether the Council has discharged its statutory duties in respect of improvement planning;
- my views on the Council's compliance with requirements to make arrangements to secure continuous improvement, based on work carried out to date by the Wales Audit Office and relevant regulators, including:
 - the Council's progress on areas for improvement and recommendations identified in my previous assessments;
 - any relevant issues that may have emerged since my last report, including comments on how the Council is addressing financial challenges; and
 - a brief summary of any reports of relevant regulators issued since my last report;
- my further proposals for improvement and/or recommendations; and
- updates to the Wales Audit Office work plan and timetable for delivering my Improvement Assessment work.

I shall update my views during the year and will provide a further letter by the end of November 2012.

I have delayed reaching a conclusion as to whether the Council has discharged its improvement planning duties under the Measure until the Council publishes its combined Improvement Plan and Annual Report later this year

The Council has decided to delay publication of this year's Improvement Plan until October 2012 and to combine it with the Annual Report. This is to allow the new administration sufficient time to review and where necessary adapt the Council's current Improvement Objectives to better deliver their ambitions. The Council has an advanced draft in place and a timetable for presenting this draft to the Council's scrutiny committees and Executive Board prior to it going before full Council on 12 October. I will report the results of my audit of the combined Improvement Plan and Annual Report by the end of November 2012.

Based on, and limited to, work carried out to date by the Wales Audit Office and relevant regulators:

I believe that the Council is likely to comply with the requirement to make arrangements to secure continuous improvement during this financial year

I have reached this conclusion because:

The Council continues to make steady progress in addressing the proposals for improvement identified in previous assessments

I have previously reported a number of proposals for improvement and also noted some areas where we would undertake further work. Progress on these matters is summarised below and described in more detail in Appendix 1:

- the Council has reduced the number of its scrutiny committees from seven to five. The effectiveness of these new arrangements will be assessed as part of my Improvement Assessment Study looking at this subject later in the year;
- the Council has revised its budget setting and financial planning processes to encompass the whole Council; although
- the Council has further work to do to improve its grants management arrangements.

Further information about our findings in some of these areas is provided separately in interim updates where appropriate.

The Council has clear and robust financial plans but the links to strategic and improvement objectives could be strengthened

Whilst the Council's financial plans are clear they are not well linked to strategic and improvement objectives. This makes it more difficult to assess how the projected savings and efficiencies will be delivered whilst the Council drives improvement in its priority areas. There is also potential for periodic 'zero basing' of the budget to deliver further improvement and savings.

The Council has a track record of good engagement and has done so extensively in relation to the budget and priorities. Members, the public and key stakeholders have all had the opportunity to contribute and comment.

The Council's financial plan is based on a range of sound and appropriate information although it could use a greater range of information and make this more widely available to those subjecting the plans to challenge and scrutiny. The Council's overall plan is being delivered, with demonstrable improvements in priority services areas and broadly within budget. The Council is regularly monitoring elements of its plans, but does not specifically monitor efficiency savings, and weak linkages between plans reduce the effectiveness of monitoring processes.

The approach of the Council to policy review and the associated guidance it provides is comprehensive, and has been applied effectively during a review of access to social housing

The Council has a clear and well-documented process in place to help plan, support and deliver policy reviews. This is supported by clear arrangements for the evaluation of review activity.

The Common Access to Social Housing Policy review included transparent assessments of political, legal, service capacity and improvement issues, but there is scope to strengthen financial options analysis.

The review process used by the Council included decision-making, scrutiny and challenge appropriate to the task, and encourages effective engagement with potential and existing partners and stakeholders.

The Council's education services for children and young people are good and it has good prospects for improvement

Estyn published its report following an inspection of the Council's education services for children and young people in March 2012 and this is available on its website at www.estyn.gov.uk.

Estyn assessed the Council's education services for children and young people as good with good prospects for improvement. A summary of the inspection findings and conclusions is set out in Appendix 2.

The Council has robust performance management arrangements but my audit of a small sample of National Strategic Indicators indicated some issues

The Council has robust arrangements in place to report and debate performance information. The Council's in-house Performance Information Management System (PIMS) is used effectively and is designed to deliver a range of outputs aimed at various users including Members.

My audit of a sample of three National Strategic Indicators (NSIs) resulted in a correction to one indicator and the qualification of another. As a result of this I will look again at additional performance indicators later in the year and will report my findings in my November Improvement Assessment Letter.

Further proposals for improvement

No new proposals for improvement are proposed in this letter. We will continue to monitor and report on the progress made by the Council in implementing the proposals set out in my previous reports and letters.

Updates to the work plan and timetable

My Improvement Assessment Team will keep the Council informed of the detailed arrangements for the delivery of my assessment work.

The regularly updated work plan and timetable provides more detail on the work being delivered during this year's assessment and in particular how we will add value by focusing on jointly identified areas or services.

The work plan and timetable takes account of my consultation with improvement authorities over my proposals for 2012-13 performance audit work. In particular, I shall be asking my Improvement Assessment Team to consider during the year the reliance that we can place upon the self-assessment processes (including your review of governance

in producing the Annual Governance Statement and your Annual Performance Report). I shall comment on this approach in my Annual Improvement Report.

I am grateful to the Council for the way in which it has helped to facilitate our work and hope to see even more effective and efficient arrangements developing over time. I remain committed to providing appropriate levels of public assurance while supporting you in mitigating the inevitable risks to services and accountability that stem from reducing resources and consequential change.

Yours sincerely



HUW VAUGHAN THOMAS

AUDITOR GENERAL FOR WALES

CC: Carl Sargeant, Minister for Local Government and Communities

Colin Davies – Manager

Jeremy Evans – Performance Audit Lead

Appendix 1

Proposals for improvement	Progress
<p>P1 The Council should consider reducing the number of its scrutiny committees to further improve effectiveness.</p>	<p>The Council has reviewed its scrutiny arrangements and reduced the number of Scrutiny Committees to 5 (from 7). These cover Policy and Resources, Community, Education and Children, Environment and Public Protection and Social Care and Health.</p> <p>I will assess the effectiveness of these arrangements as part of the Improvement study looking at scrutiny arrangements planned for the second half of 2012.</p>
<p>P2 The Council as a whole needs to ensure that it works together in agreeing a realistic medium-term financial plan.</p>	<p>The Council works together to set the strategic and financial direction of the organisation. This is led by the Corporate Management Team (CMT), the Executive Board, the Director of Resources and the lead member for finances. There is also support from the various Scrutiny Committees.</p> <p>A detailed budget report is provided to members with the budget for approval. This is detailed and comprehensive, and sets out key areas for consideration such as the current year performance, the range of consultation undertaken, the validation assumptions for the next three years, the efficiency programme and new expenditure pressures. It also outlines the expected funding arrangements for the next three years and also implications for reserves and also includes the medium-term financial plan and council tax proposal 2011-12, and includes a summary of the medium-term financial plan for 2011-12, 2012-13 and 2013-14.</p> <p>The budget setting process also includes input from people delivering the service and not just financial staff as proposals for efficiency savings, for example, come from service managers. As such the setting of the MTFP, efficiency savings etc, is a two-way process with the central team setting indicative targets and feeding these down and departmental staff and service managers feeding back on these and putting forward proposals and savings ideas.</p> <p>Statutory consultation of the MTFP/Budget with ratepayers is required, but for the 2011-12 Efficiency Savings Plan and MTFP consultation with the general public was also held.</p>

Proposals for improvement	Progress
<p>P3 The Council should further develop a more outcome-based approach to improvement to demonstrate the difference that its projects, plans and actions are having on the lives of the people of Carmarthenshire.</p>	<p>I will report progress against this proposal in my second Improvement Assessment Letter in November 2012.</p>
<p>P4 The Council should strengthen grants management arrangements to ensure that they more robustly support the delivery of projects and to mitigate the risk of claw back of funding.</p>	<p>The quality and accuracy of grant claims and returns in 2010-11 are broadly the same as last year and there remains scope to further improve grant arrangements:</p> <ul style="list-style-type: none"> • action needs to be taken to improve compliance with grant arrangements; • there are weaknesses within the grants management system which need to be strengthened by better use of the grants database and a programme of monitoring and scrutiny by officers; and • internal control arrangements can be enhanced, which will lead to improved audit results and help reduce audit fees. <p>Six recommendations have been made and I will undertake a range of work with the Council over the next six months and take stock again at the end of the financial year.</p>
<p>P5 The Council should review its improvement planning arrangements to ensure that a clear, consistent plan is agreed and communicated to councillors, staff and the public.</p>	<p>I will report progress against this proposal in my second Improvement Assessment Letter in November 2012.</p>
<p>P6 Bring forward plans to extend the use of 'Insight' HR data so that accountable managers have access to the information necessary to identify and address workforce issues.</p>	<p>I will report progress against this proposal in my second Improvement Assessment Letter in November 2012.</p>

Proposals for improvement	Progress
<p>P7 Strengthen business planning and financial management by ensuring that the links between strategic and improvement objectives and the MTFP are clear, and ensuring that the budget reflects current activity levels through further and more fundamental reviews of budgets.</p>	<p>Whilst the Council's financial plans are clear they are not well linked to the strategic and improvement objectives making it difficult to assess how the projected saving and efficiencies will be delivered whilst the Council drives improvement in its priority areas.</p>
<p>P8 Develop a suite of performance indicators to measure VFM and promote internal benchmarking between key service areas in order to provide appropriate information for scrutiny and challenge and help identify scope for further efficiencies.</p>	<p>The Council is planning to research more into this area and engage with officers from other Councils through the Wales Improvement Network. In addition they have been told that the LGDU is looking at the development of VFM Indicators. Whilst waiting for this research to conclude the Chief Executive has challenged departments to address VFM.</p>
<p>P9 The Council should ensure that its review of the constitution promotes the principles of good governance.</p>	<p>I will report on this within my Improvement Studies planned for the second half of 2012.</p>
<p>P10 The Council should strengthen its approach to evaluating and reporting its performance.</p>	<p>I will report progress against this proposal in my second Improvement Assessment Letter in November 2012.</p>
<p>P11 Proposals for Improvement arising from the Themed Review of Technology.</p>	<p>I will report progress against this proposal in my second Improvement Assessment Letter in November 2012.</p>
<p>P12 Proposals for Improvement arising from the Themed Review of Information Management.</p>	<p>I will report progress against this proposal in my second Improvement Assessment Letter in November 2012.</p>

Appendix 2

Estyn assessed the Council's education services for children and young people as good with good prospects for improvement following their inspection. The following summary is an extract from the full inspection report published in March 2012 which is available on Estyn's website at www.estyn.gov.uk.

Current performance is good because:

- performance at all key stages has improved in recent years;
- the percentage of learners leaving school without a qualification and the number of young people not in education, employment or training (NEET) is amongst the lowest in Wales;
- for three years the Council has met most of the Welsh Government's key stage 4 benchmarks for performance based on free-school-meal entitlement;
- support for additional learning needs and social inclusion is good;
- the Council has made good progress in delivering its Modernising Education programme; and
- senior leaders understand clearly the impact of wider regeneration and social care on educational outcomes.

However:

- the proportion of schools requiring follow-up activity after an inspection is high in comparison with other authorities;
- when compared to similar schools on the free-school-meals benchmarks, attendance is below average in primary and well below average in secondary; and
- some of the authority's key stage 4 provision outside of schools has not been appropriately registered with the Welsh Government as a Pupil Referral Unit.

Prospects for improvement are good because:

- key plans align well at all levels and senior leaders work in a sophisticated way with a range of strategic partners across public services to set high level priorities together;
- the Council and its partners have a clear commitment to learners and developing a learning culture in the county;
- the arrangements for the joint governance of the 14 to 19 networks are sector leading;
- the Council has a track record of identifying and intervening where hurdles to effective working hinder progress;
- senior leaders have taken difficult decisions which are responded to proactively;

- the Council analyses data and first-hand evidence well to make accurate evaluations of the quality and impact of services;
- the Council has addressed all of the recommendations from previous Estyn inspections of education and youth support services well;
- the Council has a good record of effectively managing its education budget and improving efficiency; and
- scrutiny has examined difficult aspects of the Council's work successfully, and has informed decision making by the executive well.

However:

- the Council has not analysed systematically enough the benefits arising from its investment in improving the condition, suitability and efficiency of its schools.

In order to continue to improve, Carmarthenshire County Council needs to:

- R1 Ensure that the proportion of schools requiring follow-up activity as a result of inspection is reduced.
- R2 Improve attendance in primary and secondary schools.
- R3 Work more effectively with SNAP Cymru to help parents understand and access services that may help their children.
- R4 Ensure that any provision for pupils who are not attending school is appropriately registered as a Pupil Referral Unit.