



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](mailto:wales@wao.gov.uk)  
[www.wao.gov.uk](http://www.wao.gov.uk)

Mr David Waggett  
Chief Executive  
Blaenau Gwent County Borough Council  
Municipal Offices  
Civic Centre  
Ebbw Vale  
NP23 6XB

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Dear David

## Improvement Assessment Letter

This letter summarises the key conclusions arising from my work in respect of improvement reporting under the Local Government (Wales) Measure 2009 (the Measure).

I am required to report my audit and assessment work in relation to whether Blaenau Gwent County Borough Council (the Council) has discharged its duties and met the requirements of the Measure.

Further to my first Improvement Assessment letter of 19 September 2012, this second letter summarises:

- my views on whether the Council has discharged its statutory duties in respect of improvement reporting;
- my views, and the views of relevant regulators, on the reliability of the Council's self-evaluation; and
- my further proposals for improvement and/or recommendations.

Further to this I will continue to undertake further work on the arrangements that support the Council's performance management and reporting over the following months.

I shall summarise all of my work and that of relevant regulators during 2012-13 and publish an Annual Improvement Report for the Council by the end of March 2013.

**The Council has discharged its improvement reporting duties under the Measure. However, it should ensure that it acts more in accordance with Welsh Government guidance**

I have reached this conclusion because:

- The Council published an assessment of its performance in its *Corporate Improvement Plan Stage 2* (the Performance Report) before 31 October 2012.
- As required by the Measure, the Performance Report assesses the Council's performance in the preceding financial year (2011-12) and clearly sets out how the Council has sought to discharge its duties under the Measure.
- In accordance with the Measure the Performance Report includes details of performance and comparisons as measured by the national statutory performance indicators.
- The Performance Report also sets out how the Council has responded to the statutory recommendation made by the Auditor General in his November 2011 Corporate Assessment of the Council's arrangements to secure continuous improvement. In line with the Measure, the Performance Report includes a statement of activity in 2011-12 setting out how the Council is addressing the statutory recommendation.
- The Performance Report is available in English and Welsh to download from the Council's website. It is also available in hard copy, and versions in other formats, such as Braille and audio, can be provided upon request. This is in accordance with the Council's Welsh Language Scheme. Specific summaries of the Performance Report in both English and Welsh have also been produced.
- The Council's Citizens Panel has been consulted on the Council's priorities for improvement and has also been given good opportunity to challenge performance.

The Council also needs to act more in accordance with Welsh Government guidance and I have identified a number of areas where the Council can improve its Performance Report:

- Councils are encouraged to include in their evaluation of their performance the results of peer reviews, scrutiny assessments and other sources of more qualitative information such as customer satisfaction with services and benchmarking data. The Performance Report lacks this breadth of analysis and primarily focuses on assessing performance against national statutory performance indicators. The inclusion of this additional information would support the Council to more effectively self-evaluate its performance and report more clearly on improvement.

- The Performance Report includes a brief section on major collaborations such as the Education Achievement Service and the integration of social services with Caerphilly. Details on some other collaborative projects are also set out under the Council's assessment of its performance on individual Improvement Objectives. These summaries do not assess what the benefits of collaboration activity have been to date, what has been delivered or whether intended outcomes are being achieved.
- A summary of the key findings of regulatory work from Estyn, the Care and Social Services Inspectorate Wales (CSSIW) and Wales Audit Office is included and the information reported presents a balanced summary of key findings. However, the conclusions of some work which reports on and assesses how the Council manages performance and improvement are not referenced. For example, my detailed review of the Council's performance management arrangements completed in 2011-12. This means that the Council is not reflecting on all appropriate and available sources of information in evaluating and reporting its performance.
- The Council's Performance Report was not readily accessible to citizens in October 2012 and more could be done to ensure citizens are aware of the Council's assessment of its performance at the time the Council publishes its Performance Report. This is particularly salient as the Performance Report runs to over 120 pages, is not clearly presented and would have benefited from an accessible summary at the time of publishing the Performance Report. This has since been addressed with the inclusion of a summary in the December 2012 Connect magazine which has been distributed to all households in Blaenau Gwent.

The Performance Report also updates the Council's Improvement Objectives for 2012-13 and these have been revised under the new administration in Blaenau Gwent. I will follow up and report on these in my Annual Improvement Report planned for publication at the end of the 2012-13 financial year.

### **Significant and long-standing weaknesses remain in how the Council consistently and effectively manages, reports, evaluates and accounts for its performance**

I have reached this conclusion because, in my Annual Improvement Report of January 2012, I identified a range of shortcomings in how the Council manages and evaluates its performance which needed to be addressed to strengthen accountability to citizens. My review of the Council's Performance Report and the systems it has established to oversee and evaluate its own performance in 2011-12 has found that whilst some progress has been made in improving performance management, reporting and evaluation, progress has both been slow and inconsistent and many of the weaknesses I previously identified remain to be addressed. These continue to hold the Council back and need to be urgently addressed to drive improvement in Blaenau Gwent.

**The Council has a framework for managing and reporting performance but due to inconsistencies in its application and a lack of ownership and corporate capacity to challenge and drive improvement, the framework is not always comprehensive, robust or effective**

The Council has established a performance management framework covering:

- Information management with performance information reported and managed via Ffynnon.
- Quarterly reporting on the performance of services to the relevant scrutiny committees. In addition the Corporate Overview Scrutiny Committee (formerly the Finance, Improvement and Performance Scrutiny Committee) also has oversight of all quarterly performance reports and can refer any issue of concern to subject scrutiny committees to consider.
- Creation of minimum corporate reporting standards which services are required to report and self-evaluate against. These include an analysis of performance in delivering relevant Improvement Objectives and the measures of success being used to judge improvement.

Performance management is coordinated and overseen across the Council by the Strategic Business Unit (SBU). The SBU provides a supporting role to services, but does not drive performance across the Council's services or manage and provide internal challenge to their activity. These responsibilities rest solely with the individual services as the 'owners' of improvement and the Improvement Objectives and are accountable for reporting their own performance against these. We have concerns that the Council does not have the corporate capacity to drive through the necessary changes to deliver improvement at this time.

Some services have established effective systems to manage and report their performance and we found evidence that performance management is used to evaluate activity and drive improvement. For example, Social services have long established and structured approaches to performance management with clear lines of accountability. We also found that the weaknesses identified in areas for improvement in the Education arena are now being addressed. For example, the work undertaken on the Improvement Objective to reduce the number of young people not in employment, education or training (NEETS). It is clear that in both Education and Social services, performance management is seen as important and necessary and is being used to help evaluate and support managers to improve performance and the services the Council delivers.

However, the weaknesses I identified in my *Annual Improvement Report* of January 2012 in other services – Regeneration and Highways for instance – remain and there is little evidence of change or improvement in how these services evaluate their performance. For example, the Council has established detailed action plans to support the delivery of each Improvement Objective but the extent to which Improvement Objectives are evident in service or business plans and reporting is variable. We found that some services such as Regeneration and Highways had no plans for 2011-12 and were simply using Ffynnon to record their performance against indicators rather than to drive and manage activity to support improvement. This limits the service's ability to effectively plan, drive and manage improvement, and link with other Council services or partners who could positively impact on delivery of the Improvement Objectives. It means that some improvement activity is more opportunistic than planned because actions were not robustly identified and managed.

Service reports to scrutiny also do not consistently report performance against the same set of measures. These measures often change from one quarter to the next, which consequently makes it difficult to judge how well or how poorly the service is doing. Reports also fail to review progress against the range of actions agreed to be delivered under each Improvement Objective, so it is not possible to gauge whether the Council is doing what it said it would do or is focussing on the right things to improve a service's performance. Because the coverage and quality of performance and reporting in 2011-12 still varies significantly between departments and the quality of information remains inconsistent and not always robust, the Council is not able to reliably manage and report its performance to support improvement. The Council needs to strengthen how it challenges performance corporately, within services and by members.

**The Council is unable to consistently judge how well it is performing because of weaknesses in the range and quality of its performance measures and limitations in its evaluation of progress**

Self-evaluation is a key feature of all organisations' improvement process. Good self-evaluation can provide assurance and enable organisations to judge how well they are performing and where they need to focus resources to drive improvement. Effective self-evaluation is dependent upon the creation of a culture that values and uses information and has good standards of and a focus on quality data and reporting to enable a judgement of performance.

In my Annual Improvement Report of January 2012 I reported that the Council needs to: demonstrate more clearly how planned actions contribute to outcomes; and evaluate its performance more effectively in its future annual Performance Reports. My assessment of the Council's 2011-12 Performance Report has identified that whilst some progress has been made in how the Council judges its performance, weaknesses and inconsistencies remain in the quality and robustness of its assessment and further work remains to be done to improve coverage and reporting.

The Council is continuing to roll out the outcome based accountability performance reporting framework. This framework allows it to better judge its activity through the use of measures that evaluate how much it is doing; how well it is doing it; and whether anyone is better off as a result of this work. The Council has undertaken considerable work to strengthen its performance measures to enable a better assessment of the impact of its work. Continuing to develop this framework will support the Council to both evaluate its performance more effectively in the future but, more importantly, also become more accountable to citizens in Blaenau Gwent.

My review of the Council's 2011-12 Performance Report found an inconsistent picture of how well embedded outcome based accountability is within the Council. In some areas, the range and quality of performance measures used enable an evaluation of progress. For example, the Improvement Objective relating to increasing pupil attendance rates in all schools where the Council's evidence and assessment clearly shows the progress that has been made through the delivery of actions and the measures used to assess progress are clear and appropriate.

In other areas however, the evidence base and evaluation is not as robust. For example, under the Improvement Objective on the use of emerging technology to offer a wider choice to customers in how they can access Council services, the range of measures for "is anyone better off" relate to three things: percentage usage of access channels outside normal office hours; contact centre abandonment rate; and percentage of customers satisfaction. The former two measures however evaluate processes and whilst the latter assesses customer satisfaction, the Performance Report notes that this measure is still under development. The Council therefore has no means to evaluate whether its work is delivering better outcomes for citizens.

In my *Annual Improvement Report* of January 2012 review of the Improvement Objective on improving the condition and safety of highways, I found that the Council was evaluating itself against a poor range of performance information that did not allow it to demonstrate the positive impact of its work. For 2011-12 the same measures are still in use with no change. This means that the Council continues to be unable to evaluate how well it is doing and is not learning from external challenge to its performance.

The Council's Performance Report 2011-12 provides a summary of progress in delivering a range of activities against each of the Improvement Objectives. However, the narrative on progress does not always support a conclusion on whether the Council is meeting its Improvement Objectives. Some evaluations are clear and enable the reader to understand performance, for instance, the improvement objective on NEETS. In other areas such as the Improvement Objective on town centre regeneration, there has been little improvement in coverage; the information does not focus on judging impact; and lacks a comprehensive and clear statement on progress. Indeed, under this latter Improvement Objective, most of the projects targeted for development in 2011-12 are reported as not progressing and remain undelivered but the evaluation does not reflect this position.

Likewise, three of the five programmes of work under the highways Improvement Objective are not reported or commented on in terms of impact and success in the Performance Report. The Improvement Objective in relation to vulnerable people who need support from social services to lead independent and fulfilled lives and remain in their homes for as long as possible only evaluates performance against three of the seven key targets set. This limits the Council's ability to successfully self-evaluate its performance and presents an imbalanced and inconsistent picture of how well it is doing. This is a missed opportunity as CSSIW reports in its annual review and evaluation of performance 2011-12 that the Director's report<sup>1</sup> provides a comprehensive account of the authority's performance. The report is balanced in recognising the achievements during the year whilst acknowledging challenges and identifying areas that require further attention. The Director's report provides a comprehensive account of the Council's performance in 2011-12.

The Performance Report is not always clear, is structured poorly and consequently does not present a succinct evaluation of performance. For example, performance data reports activity against October 2011, May 2012, as well as the 2010-11 and 2011-12 financial years. This presents a confused picture of activity as it cuts across financial years and the narrative does not clearly inform the reader of the rationale or story behind the performance.

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<sup>1</sup> An annual review of a council Social Services performance undertaken by CSSIW which includes an assessment of a council's self-evaluation of its performance (often called the 'Directors report'). CSSIW provide an overall evaluation of performance, identify areas of progress and areas for development.

The Performance Report outlines in various places the Council's performance against National Strategic Indicators, Public Accountability Measures and Service Improvement Datasets. The Council reports its actual performance for the last four financial years (2008-09 to 2011-12) as well as comparing performance with the Welsh average. This could be improved further through the inclusion of the Council's ranking amongst the 22 Welsh councils, its change in ranking overtime and its relative performance compared to other councils to judge more effectively the rate of improvement. The Council has included a comparison with Merthyr Tydfil County Borough Council on some performance measures under its Improvement Objectives, but this is a narrow focus and does not present a rounded perspective on how well it is performing. There is also no commentary included to explain what the indicators purport to monitor or what they mean and no summary to state whether performance globally is improving, declining or standing still. On some measures in some years no data is entered and no explanation is given for this omission. This presents an incomplete picture of performance.

I also have concerns over the reliability of how information is used to judge improvement and have identified some inconsistencies in the Performance Report. For example, under the Improvement Objective 'to increase and sustain employment opportunities' the Council reports that it has created 396 jobs but also notes that unemployment had risen between 2010-11 and 2011-12 by 1.1 per cent. However, the Office for National Statistics Information Service (NOMIS) records that the number of people in employment fell by 1,000 between 2010-11 and 2011-12, from 26,700 to 25,700 which is a reduction of 3.7 per cent not 1.1 per cent. The Performance Report does not comment on these anomalies which diminishes the reliability of the analysis.

Setting targets can be a helpful method to challenge the organisation or a specific service area to do better. Reviewing performance realised in relation to targets provides information on whether objectives are being achieved in a managed and planned way. The Council's Performance Report 2011-12 does not assess its performance against any targets, even where they exist. For example, social services set targets for key performance measures which are monitored on a quarterly basis but this information and these targets are not included in the Performance Report. This means that the Council is not able to report how effective it is at meeting its targets and citizens are unable to see whether the Council is making the level of improvements it intended.

Whilst the Performance Report describes, in broad terms, how the Council has performed, it still lacks an overall evaluative statement against each of the Improvement Objectives clearly denoting whether the Council believes it has been successful or not. For example, the Performance Report does not contain explanations for a decline in performance, failure to deliver actions or where there has been an improvement. This diminishes the overall clarity and effectiveness of the report and makes the Council less accountable for its performance to its citizens.



## **The reliability of data to manage performance information in some services is still not consistent and robust**

Every council needs to have good information and use it well if it is to provide good services and make them even better. The Council has well-established systems for reporting its performance and I have audited these systems to assess how effective and reliable these arrangements are. The measures selected for audit are a mixture of National Strategic Indicators, Public Accountability Measures, Service Improvement Datasets, and local measures developed by the Council. All those audited are measures the Council uses to judge how well it is delivering its Improvement Objectives and whether it is making a difference for its citizens. I found that of the 27 measures audited, four had to be qualified and six needed to be corrected due to errors.

## **Further proposals for improvement**

Some new proposals for improvement are being suggested 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.

### **Proposals for improvement**

- P1 Act more in accordance with Welsh Government guidance by:
- expressing the Council's view of its success in achieving its Improvement Objectives;
  - using a wider evidence base of information to enable the Council to assess whether it has met its Improvement Objectives;
  - extending the use of comparative information with other comparable bodies; and
  - maximising accessibility to citizens and stakeholders of the Council's performance assessment.
- P2 Improve performance management by:
- strengthening corporate capacity to drive improvement;
  - agreeing strategic responsibilities for performance management; and
  - developing and introducing more joined-up, coherent and robust arrangements to manage report, evaluate and improve performance.
- P3 Ensure all services have effective arrangements to manage, report, evaluate and improve performance which are consistently reported against agreed minimum standards and are subject to robust scrutiny and challenge.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Huw Vaughan Thomas', with a stylized flourish at the end.

**HUW VAUGHAN THOMAS**

AUDITOR GENERAL FOR WALES

CC: Carl Sargeant, Minister for Local Government and Communities