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Carmarthenshire County Council Report by the Auditor General for Wales Preliminary Corporate Assessment – July 2010



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Image courtesy of Carmarthenshire County Council

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The Council's arrangements and strong leadership make it well placed to deliver future improvements if the Council as a whole focuses on achieving better outcomes for the people of Carmarthenshire within limited resources

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Summary

- 1 The Auditor General is required by the Local Government (Wales) Measure (2009) (the Measure) to undertake an annual Improvement Assessment for each improvement authority in Wales, that is local councils, national parks and fire and rescue authorities.
- 2 In order to fulfil this requirement the Wales Audit Office will undertake:
 - a Corporate Assessment – an assessment of an authority’s arrangements to secure continuous improvement; and
 - a Performance Assessment – an assessment of whether an authority has achieved its planned improvements.
- 3 The approach is designed to enable a whole organisation assessment at each council to be undertaken in a standardised way. Taken together these two assessments will form the basis of an annual report to citizens, known as the Annual Improvement Report.
- 4 The Auditor General has brought together her work, that of the Appointed Auditor, and that of other relevant regulators, to inform the Corporate Assessment. As this is the first year of a new approach the assessment is a preliminary one and this report should be viewed as a progress report. The Annual Improvement Report will also serve as an update for the Corporate Assessment.
- 5 In March 2010, the Auditor General identified the scale of the financial challenge facing public services in Wales in a report to the National Assembly, *A Picture of Public Services*. The potential impact of spending reductions on local government has also been highlighted by the Welsh Local Government Association (WLGA), the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives. In evidence to National Assembly’s Public Accounts Committee in June 2010, the WLGA noted: ‘There is no escaping the fact that all parts of the public sector will have to examine current expenditure and service provision – the shortfall cannot be solved by efficiencies alone.’ To meet this challenge, local authorities must fundamentally review the services they provide and how they are delivered, including considering options for increasing procuring rather than providing services and working in collaboration. It is in this context that the corporate assessment has been prepared.
- 6 This report sets out the findings of the Corporate Assessment only and is designed to answer the question:
 - ‘Are the arrangements of Carmarthenshire County Council (the Council) likely to secure continuous improvement?’



- 7 The conclusion arising from our first Corporate Assessment is that the Council's arrangements and strong leadership make it well placed to deliver future improvements if the Council as a whole focuses on achieving better outcomes for the people of Carmarthenshire within limited resources.
- 8 We based our conclusion on our assessment of the Council's progress over time and an analysis of the strengths and weaknesses of its arrangements to support improvement. These conclusions are explained in detail in Part 1 and Part 2 of the report respectively. We found that:
 - the Council has a strong drive and focus on improvement and is preparing well for the difficult times ahead recognising that a council-wide realism and a focus on outcomes will be required to secure future improvements; and
 - the Council demonstrates particular strengths in leading and collaborating on improvement and continues to strengthen other arrangements particularly its management of estates and people.
- 9 As this is a preliminary corporate assessment, there are several areas where only limited work has been possible. We will continue to build on this work and monitor progress in the coming months and provide an update in our Annual Improvement Report to be issued in November.

Special inspection

- 10 Based on the Corporate Assessment the Auditor General does not intend to carry out a special inspection of the Council under section 21 of the Measure.

Recommendations

- 11 The Auditor General has not made formal recommendations for improvement for the Council under section 19 of the Measure nor recommended that Welsh Ministers should provide assistance to the Council by exercising their power under section 28 of the Measure or give a direction under section 29 of the Measure.

Areas for improvement

- 12 The assessment has identified the following areas where we propose the Council considers taking action.

Exhibit 1: Areas for improvement

P1 The Council should consider reducing the number of its scrutiny committees to further improve their effectiveness.

P2 The Council as a whole needs to ensure that it works together in agreeing a realistic medium-term financial plan.

P3 The Council should further develop a more outcome-based approach to improvements to demonstrate the difference that its projects, plans, and actions are having on improving the lives of the people of Carmarthenshire. In doing so the Council could benefit from:

- consolidating and evaluating the improvement data it collates to demonstrate the extent to which it is achieving better outcomes;
- reviewing and challenging its improvement actions, measures and targets to ensure that they effectively address areas for improvement; and
- making clearer the links between its key actions and the performance measures and outcomes it particularly aims to achieve.

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.

Part 1: How the Council has approached improvement over time

The Council has a strong drive and focus on improvement and is preparing well for the difficult times ahead recognising that a council-wide realism and a focus on outcomes will be required to secure future improvements

The Council's strong, ambitious and visible leadership has driven through difficult decisions and significant achievements in some areas

- 13** The Council has a long-standing stable leadership team. The Chief Executive has been in post since 2002 and soon after his appointment quickly restructured the Council's management arrangements to build a stronger corporate culture. Whilst the Director of Education and Children's Services is new, the majority of the Directors on the Corporate Management Team are long standing.
- 14** The Council has been led by the same Independent Leader since 1999, although in that time she has led coalition administrations with different political groups. The current administration is a coalition between the Independent and Labour groups which together form a majority administration.
- 15** The Council has a long history of active local politics that has made taking difficult decisions in relation to improving services and achieving efficiencies challenging. However, together the Leader and Chief Executive have provided a strong, visible and ambitious direction for the Council in transforming and raising the profile of Carmarthenshire, and the Council has secured significant achievements in some areas.
- 16** Its most notable achievements include:
- The numerous large-scale regeneration projects it has delivered across the county including a number of new school buildings and extra care homes.
 - Its improved performance in managing waste and the progress and engagement it has achieved to date in moving the delivery of the Carmarthenshire Homes Standard programme forward.
 - The collaborations it has built with some key partners within and outside the county including joint working with health, police, voluntary sector, and local contractors. This includes the significant improvements it has made to its relationships with health in delivering better social care services since the second Joint Review of Social Services in 2005.
- 17** However, the path to improvement has not been easy and many of its major service improvement schemes have faced significant political and public challenge, particularly to the detail



underpinning the overall strategies. These improvement schemes include implementing its *Modernising Education Provision* (MEP) programme and its *Developing Modern Services for Older People: Joint Commissioning Strategy for Health, Social Care and Housing Related Services for the over 65's*.

18 Whilst the Council has reduced the number of surplus school places and improved the rate of delayed transfers of care, its performance in these key areas continues to be amongst the worst in Wales. The Executive Board has evaluated the MEP programme and has established a good basis for progressing the primary school programme. A Council scrutiny task and finish group is looking at the proposals to move the Joint Commissioning Strategy forward. Although it is good practice for scrutiny to help inform key decisions and policies, the Council needs to ensure that this does not cause it to delay making the step change necessary to deliver modern services to children and older people in Carmarthenshire.

19 On 30 September 2009, the Appointed Auditor issued an unqualified auditor's report on the financial statements. This report confirmed that the financial statements were prepared in accordance with statutory requirements and presented fairly the financial position and transactions of the Council. However, the Appointed Auditor highlighted the need to improve the quality of supporting records particularly for fixed assets.

20 In the November 2009 Audit Letter, the Appointed Auditor reported that the quality and accuracy of grant claims and returns for 2007-08 had deteriorated and grant handling arrangements needed to improve. The Appointed Auditor also reported that

the Council had appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources in 2008-09.

21 Key issues for the Council at this time were that the Council was continuing to make improvements but needed to fully evaluate the impact of its initiatives. The Letter concluded that:

- The Council was forward looking and innovative and had arrangements to support its change agenda. It had achieved notable successes but did not always evaluate the impact of all initiatives.
- Service delivery was good and improving in most areas, but the Council needed to take further action to sustain change and be better prepared for future challenges.

The Council is steadily improving with some well-established arrangements and continues to strengthen others to secure future improvements and efficiencies

22 The Council's management team and strong corporate centre are generally challenged well by its Executive Board members and scrutiny committees. The Council's corporate arrangements are making steady improvement in most areas.

23 The Council has clear priorities that are aligned with other strategies, policies, plans, and the seven aspects of improvement described in the Measure. It also has some well-established partnership arrangements.

24 The Council's financial management is sound and it is currently planning a significant programme of efficiencies over the next three years to secure

further improvement. Its procurement arrangements are well established and continue to be strengthened.

25 The Council recognises that to achieve these efficiencies and further improvements it needs to strengthen some of its arrangements. It is in the process of reviewing and strengthening its arrangements to support future improvements by:

- improving its People Management and Policy service so that it has more direction, a clear strategy, manages sickness absence better and supports its job evaluation and equal pay efforts;
- continuing to strengthen and embed its project management arrangements across the Council;
- reviewing a number of services, including its ICT arrangements and strategy, to enable it to contribute options for the Council's medium-term financial plan; and
- improving its asset management arrangements particularly for land and buildings.

In a challenging financial climate, future improvements depend on the Council as a whole having a realistic focus on achieving better outcomes for the people of Carmarthenshire

26 Due to national reductions in public spending, the Council faces difficult challenges over the next few years. It has recently announced that it is likely to have to achieve 500 job losses over the next three years, although it expects them to be voluntary.

27 Securing efficiencies to plug a funding gap of at least £25 million over the next three years provides challenges

not only for the leadership, but for the Council as a whole. The global financial climate and the decisions the Council makes during the next six months will continue to have an impact beyond the local elections in 2012.

28 As such, the Council as a whole needs to ensure that it works together in agreeing a realistic medium-term financial plan. This will be crucial if the Council wants to continue to deliver improvements and further efficiencies in future.

29 The Council is currently developing a more outcome-based approach to improvements to demonstrate the difference that its activities are having on improving the lives of the people of Carmarthenshire. Having a focus on delivering better outcomes for its people in this difficult time will help the Council to work together and put politics aside to prioritise where changes and improvements are most needed.

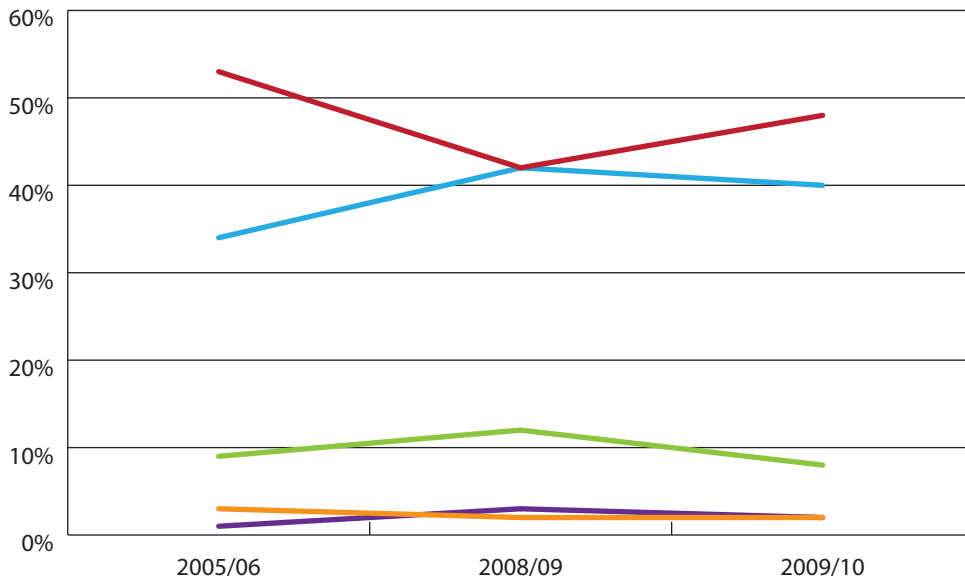
30 In facing the future, managing citizen, partner and staff expectations and morale during such an uncertain time will be crucial if the Council wants to deliver the changes necessary and emerge in a good position. Citizen panel results, as reported in the Council's Improvement Plans, show that whilst citizens viewed the Council as less successful in 2009 than 2006 in improving the way Carmarthenshire people live and work, the results in 2010 show that citizens believed the Council was more successful than in 2009. These results are set out in **Figure 1**.

31 Building on last year's improvements will be critical if the Council wants to take people with it through these difficult times.



Figure 1 – Carmarthenshire County Council’s Citizen Panel views

‘How successful do you think we are in improving the way we live and work?’



- Very Successful —
- Successful —
- Fairly Unsuccessful —
- Very Unsuccessful —
- Neither —

Part 2: Analysis of the Council's arrangements to help it improve

The Council demonstrates particular strengths in leading and collaborating on improvement and continues to strengthen other arrangements particularly its management of estates and people

The Council is strongly and creatively led supported by sound financial management and a committed approach to collaboration

32 The Council has strong, dynamic and visible corporate leadership that drives through change and steady improvement in challenging circumstances.

33 Its scrutiny arrangements are well developed and often provide good challenge and contribute ideas for efficiencies, but there is scope to make further improvements, efficiencies and better links with other engagement mechanisms.

- The Council is committed to continuing to improve scrutiny and has recently undertaken an internal peer review. The review identified a number of strengths and the Council has already started to address some of the areas for further improvement.

■ The Council already holds joint scrutiny meetings with health partners and this is good practice. This arrangement could be further expanded by inviting or co-opting members of its various forums and partnerships onto its scrutiny committees or task and finish groups either as permanent members or as and when relevant to the subject matter. This would offer forum members an insight into the wider challenges of the Council, and strengthen scrutiny's focus on citizens.

■ The Council has a large number of scrutiny committees in comparison with other councils in Wales all of which demand dedicated support. This has led to overlaps between committees and the convening of a number of joint scrutiny committee meetings. There is an imbalance in workload and some issues regarding attendance. Also, members of committees frequently send a variety of substitutes which hinders continuity and expertise in scrutinising particular issues. The Council should consider reducing the number of its scrutiny committees to further improve their effectiveness.

34 Governance arrangements are well supported by ICT arrangements that allow easy and timely access to decisions and committee papers. The Council continues to further strengthen and review its well established procurement and ICT arrangements to help it make better use of its resources.



- 35** The Council has a long history of sound corporate financial management and is well placed to prepare a medium-term financial plan to address a £25 million funding gap over the next three years. Officers are currently preparing a number of efficiency options and a whole council workshop was held at the end of June to discuss these options. However, the global financial pressures will last well beyond the next local elections in 2012, and it will be crucial for all political groups to work together to agree and prioritise realistic efficiencies and improvements over the next three years. It will also need to link the medium-term financial plan to future improvement and workforce plans to ensure resources are invested where they are most needed.
- 36** The Council has a strongly embedded ethos of working corporately and collaborating across departments. It is fully committed to collaborating with external partners and is always looking for opportunities to work with others locally, regionally and nationally. Positive features of collaborative working include the following:
- Through the Local Service Board (LSB), its relationships and joint working with health have significantly improved since the last Joint Review in 2005, although the Council recognises that the partnership has major challenges to face in further improving services over the coming years.
 - It has established a strong contractor partnership with local contractors that has created a number of local apprenticeships and enabled the Council to continue with its capital programme during the recession.
 - Its engagement with members, partners, citizens and tenants in progressing the Carmarthenshire Homes Standard is a good example of partnership working supported by strong leadership, drive, project management, and the engagement of the whole Council.
 - The Council is looking to further explore its partnership arrangements with the voluntary sector in particular how together they can secure better value services to the people of Carmarthenshire and help each other tackle the difficult financial times ahead.
 - The South West Wales Regional Waste Management Committee, of which the Council is one of six members, has faced collaboration challenges over recent years. Whilst the region still faces continuing and new challenges, recent progress suggests a willingness to work together.
 - It is currently drafting a new Community Strategy following a period of review with its partners and agreed at its last LSB meeting to use this as the basis for preparing a Single Plan incorporating all of the statutory plans by May 2011.
 - The Council plans to further strengthen the scrutiny arrangements for the LSB during the next year and recognises the need to strengthen some other partnerships and evaluate the effectiveness and impact of all partnerships.

The Council's development of strategy and policy is coherent and it continues to improve its management of projects but recognises the need to demonstrate how these are delivering improved outcomes for citizens

- 37** The Council has well established processes for aligning policies and strategies. Priorities are clear, and linked to the community strategy, corporate strategy, improvement plans, outcome agreements, and business plans.
- 38** The Council recently agreed its new Improvement Plan for 2010-11 which shows:
- how the 10-year community strategy and its five visions and 30 ambitions are aligned to the three-year outcome agreement outcomes and the seven key improvement objectives;
 - that the seven key improvement objectives were informed by citizen and stakeholder views along with the Council's performance and risk assessments, the work of scrutiny, and the work of regulators;
 - the high level outcomes that should result from achieving each objective; and
 - a number of actions, measures and targets to achieve by March 2011.
- 39** The Council has a strong corporate centre and systems that generate, collate, and support the analysis and challenge of a range of data. The Council produces comprehensive plans and strategies, collates and reports improvement information publicly, and measures challenges and reports improvement in a number of ways.
- 40** The Council applies six improvement tests as shown in its Improvement Plan 2009-10. Collating and reporting such a wide range of data is helpful. However, the Council could benefit from consolidating and evaluating the improvement data it collates to demonstrate the extent to which it is achieving better outcomes.
- 41** It could also benefit from reviewing and challenging its improvement actions, measures and targets to ensure that they effectively address areas for improvement and result in better service performance and outcomes.
- 42** The Council over the years has consistently delivered nearly all of its improvement actions and secured continuous improvement in a number of areas. However it could make the links clearer between its key actions and the performance measures and outcomes it aims to achieve.
- 43** The Council is always looking creatively for external funding opportunities to support the delivery of its projects. It has made good progress in improving its project management arrangements and recognises the need to fully embed them. However, the actions to improve its management of grants to support project delivery have not delivered improvements and its grant management arrangements are not robust. As such, given the size of some new schemes, there is a risk that if these arrangements do not improve, significant monies will be clawed back.
- 44** The Council recognises the need to develop measures that demonstrate how its actions are delivering better outcomes for the people of Carmarthenshire.



The Council is making progress in strengthening its people and estates management arrangements to ensure that they fully support the delivery of its objectives

45 The pace and momentum in progressing job evaluation and single status, together with the Trades Unions, have significantly increased in the last few months but the Council recognises that there is much more to be done to complete the process by March 2011.

46 The Council recognised that its people management and policy arrangements were not supporting improvement as effectively as they could and the Chief Executive instigated an internal peer review. The review identified some strengths but a number of core weaknesses:

- Some of the key strengths at a divisional level highlighted the commitment of staff, many examples of good practice, external recognition of good practice, strong and effective sectional leadership in parts, and specialist skills.
- Some of the key weaknesses at a divisional level highlighted that the direction of the service was not clear, cohesive or strategic and that the service was not effectively supporting or engaging with its customers.

47 Whilst there is now better direction, an HR strategy is still to be developed. The departmental and service business plan sets out improvements to be undertaken to further improve people management arrangements.

48 Our reviews of the Council's asset management arrangements showed that whilst it managed its fleet well, weaknesses existed in its management of land and buildings, and it did not have an asset management plan. The Council has made some progress in improving its management of its property. Its new Improvement Plan sets out how the Council plans to prioritise improvements in this area to help it make better use of its resources – one of the seven key improvement objectives. Actions include:

- reviewing and publishing a revised Corporate Asset Management Plan;
- improving Council property data;
- undertaking an area-based review of assets;
- rationalising buildings to reduce costs and release assets for disposal to fund capital improvement;
- improving disabled access to Council buildings; and
- further developing the Council's Property Management Information System to ensure greater coverage and accuracy.

49 The Council should also consider exploring whether there are benefits and efficiencies to be found by strategically managing all its assets (fleet, buildings and land, ICT) together.