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Date 21 September 2012  
Our reference 509A2012  
Your reference  
Tel No  
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Pages 1 of 8

Dear Iwan

## 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 Conwy County Borough 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 am unable to state whether the Council has discharged its improvement planning duties under the Measure as the Council has not yet published its Improvement Plan for this year**

Following the local government elections in May 2012 the Council appointed a new Cabinet. While the leadership of the Council is unchanged, the composition of the Cabinet has altered. It nevertheless remains a coalition of four groups with the Conservative group forming the opposition. The Council is currently reviewing its Improvement Objectives to determine whether it can deliver all of them by 2016-17 and is examining a series of funding scenarios to determine their relative priority. The scenarios range from limited changes to current budgets to the realignment of resources from services to support the delivery of Improvement Objectives. The Council published the Improvement Plan in draft in March 2012 and is in the process of adopting the Plan formally following engagement with councillors, particularly those who are new members.

In the meantime, services continue to address the wide-ranging objectives and associated actions set in 2011-12, all of which remain relevant to the Council. I shall provide a further letter by the end of November 2012 which will assess the extent to which the Council has discharged its improvement planning duties under the Measure.

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

**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 has made reasonable progress in most areas for improvement identified in previous audit letters and reports.
- The Council's current arrangements for developing, using and supporting technology are likely to support continuous improvement.
- The Council's approach to information management has supported improvement over the last three years, although these arrangements need to be revised to ensure that they will continue to be fit for purpose and effective in managing the risks presented by information.
- The Council's arrangements for administering Housing and Council Tax benefit should ensure that claims are paid on time to the people who need them and the customer focus arrangements in place provide good access to the service.
- However, while improvements are underway, the inconsistent application of contracting processes undermines confidence in the value for money of the Council's third-party expenditure.

## **The Council has made reasonable progress in most areas for improvement identified in previous audit letters and reports**

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 in Appendix 1:

- The Council is making satisfactory progress in ensuring that responsibility for the accuracy and robustness of performance data is clearly assigned within services and that staff whose work involves the generation of data are fully aware of how records should be kept. In 2010-11 we qualified or amended seven of the 41 performance indicators that we audited. In 2011-12 only one of the 11 performance indicators that we audited was qualified. The Council's own internal audit service will undertake further work to check samples of performance indicators for accuracy. This work will provide a valuable supplement to our work, and provide greater assurance to the Council that its performance data is robust.
- As part of its own cycle of improvement, the Council has begun considering the improvement suggestions included within our recent review of public engagement. Excellent customer service is a key priority in the Corporate Plan 2008-12 and the establishment of a Customers Programme will probably be a priority within the new Corporate Plan for 2012-17. The Programme will bring all the elements of customer service improvement work under one Board which will aim to ensure that projects and tasks are progressed in a timely manner and that links between the projects and tasks are maintained.
- Although the Council is improving its financial planning process, taking an innovative approach to identifying savings, there has been no progress in aligning the Council's financial planning more explicitly with the ambitions emerging from its new Corporate Plan. While the Council has previously acknowledged the potential value of such alignment, and has been gathering the information it needs, no such plan has yet been prepared and the Council has no specific timetable or action plan for completing one. Without a robust MTFP the Council risks not being able to fund the priorities it sets out in its new Corporate Plan.
- The Council has increased the proportion of staff that received a performance development review. In 2011-12, just over 70 per cent of staff had a review compared with 65 per cent in 2010-11. Some service areas nevertheless saw a decrease in take-up, particularly in Regulatory Services where only one in four staff had an appraisal in 2011-12. The Council's Human Resources team is now targeting activity in services with poorer take-up to help services understand the value of staff appraisals and, in turn, increase the proportion of staff receiving a review.

**The Council's current arrangements for developing, using and supporting technology are likely to support continuous improvement**

I came to this conclusion because:

- The Council has established sound technology foundations and governance arrangements. It understands what it needs to do to improve in order to secure sustainable, effective use of technology and deliver efficiencies and is starting to use technology to transform service delivery.
- Arrangements are sound, but funding arrangements could be further improved to reduce the total cost of ownership of desktop technology.
- Performance is sound and improving, but there is scope to improve the customer access channel arrangements through the use of performance information.

**The Council's approach to information management has supported improvement over the last three years, but these arrangements need to be revised to ensure that they will continue to be fit for purpose and effective in managing the risks presented by information**

There are a few weaknesses in the Council's information management arrangements, including the need to create an information strategy which sets the future direction, but most aspects are acceptable with signs of improvement. The Council's performance is broadly sound but arrangements, such as whole-life cycle management of electronic information, need to be revised to ensure that they will continue to be fit for purpose.

**The Council's arrangements for administering Housing and Council Tax benefit should ensure that claims are paid on time to the people who need them and the customer focus arrangements in place provide good access to the service**

I came to this conclusion because:

- The Council's arrangements for administering claims should ensure that people receive their benefits in a timely manner.
- The security arrangements the Council has in place should ensure that the right benefit is paid to the right people.
- The Council's arrangements for administering claims should ensure that people receive their benefits in a timely manner.
- The Council is contributing about £0.5 million towards the cost of providing the service, one of the lowest contributions in Wales, and the total cost per claim is below the Welsh average.

## **While improvements are already underway, the inconsistent application of contracting processes undermines confidence in the value-for-money of the Council's third-party expenditure**

I came to this conclusion because:

- There have been overspends on some large capital projects, such as £1.3 million on the replacement of the Maesdu road and railway bridge. Outline plans for the contract did not include some foreseeable costs and further operational problems occurred during the building stage. This suggests that there was insufficient review and monitoring of budgets and plans through the development of the project. The Council let the contract for the design advice based on the time incurred by the engineers, rather than a fixed price for the contract.
- The Council performs inconsistently. Some contracts are applied correctly and some examples of good practice exist (such as the recent Eirias Park project) but many aspects of the contracting process need improving, including the way procedures are applied in many of the Council's services.
- Improvements are required to ensure compliance with the Council's tendering procedures and legal requirements and improved management of major contracts. The Council itself has already taken steps to improve some of these processes, including establishing a new project and programme forum for managers, rolling out management training that focuses on realising benefits from external procurement, a hardened tone from the top about compliance, and a series of internal audits in risk areas.
- The Council still has significant work to do before it can be confident that all third-party expenditure is being procured, managed and monitored in the most economic, efficient and effective way.

## **Further proposals for improvement/recommendations**

While our reports to the Council on Contracting and Procurement, Information Management and Technology include a number of proposals for improvement, I make no further proposals 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. 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

Huw Lloyd Jones – Manager

Gwilym Bury – Performance Audit Lead

## Appendix 1

Proposals for improvement made in the Annual Improvement Report 2012	Progress
<p>P1 The Council should ensure that responsibility for the accuracy and robustness of performance data is clearly assigned within services and that staff whose work involves the generation of data are fully aware of how records should be kept.</p>	<p>The Council is making satisfactory progress in ensuring that responsibility for the accuracy and robustness of performance data is clearly assigned within services and that staff whose work involves the generation of data are fully aware of how records should be kept. In 2010-11 we qualified or amended seven of the 41 performance indicators that we audited. In 2011-12 only one of the 11 performance indicators that we audited was qualified. The Council's own internal audit service will undertake further work to check samples of performance indicators for accuracy. This work will provide a valuable supplement to our work, and provide greater assurance to the Council that its performance data is robust.</p>
<p>P2 The Council should, as part of its own cycle of improvement, consider the improvement suggestions included within our review of public engagement.</p>	<p>As part of its own cycle of improvement, the Council has begun considering the improvement suggestions included within our recent review of public engagement. Excellent customer service is a key priority in the Corporate Plan 2008-12 and the establishment of a Customers Programme will probably be a priority within the Corporate Plan for 2012-17. The Programme will bring all the elements of customer service improvement work under one Board who will aim to ensure that projects and tasks are progressed in a timely manner and that links between the projects and tasks are maintained.</p>

Proposals for improvement made in the Corporate Assessment update Letter 2011	Progress
<p>P1 The Council should ensure that a medium term financial strategy underpins its 2012-17 Corporate Plan.</p>	<p>Although the Council is improving its financial planning process, taking an innovative approach to identifying savings, there has been no progress in aligning the Council's financial planning more explicitly with the ambitions emerging from its new Corporate Plan. While the Council has previously acknowledged the potential value of such alignment, and has been gathering the information it needs, no such plan has yet been prepared and the Council has no specific timetable or action plan for completing one. Without a robust MTFP the Council risks not being able to fund the priorities its sets out in its new Corporate Plan.</p>
<p>P2 The Council should increase significantly the proportion of staff that complete the annual performance appraisal process.</p>	<p>The Council has improved the proportion of staff that received a performance development review. In 2011-12, just over 70 per cent of staff had a review compared with 65 per cent in 2010-11. Some service areas nevertheless saw a decrease in take-up, particularly in Regulatory Services where only one in four staff had an appraisal in 2011-12. The Council's Human Resources team is now targeting activity in services with poorer take-up to help services understand the value of staff appraisals and, in turn, increase the proportion of staff receiving a review.</p>