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Our reference	NJS/CAUMCC/V2
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Pages	1 of 12

Dear Paul

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 Monmouthshire 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.

The Council has discharged its improvement planning duties under the Local Government (Wales) Measure 2009 and has acted in accordance with Welsh Government guidance

I have reached this conclusion because my audit and assessment work found that the Council's Improvement Objectives and its annual improvement plan 'Looking to the Future: Your County, Your Way Improvement Plan 2012-15' (the Plan) meet the requirements of the Measure. The plan is available in English to download from the Council's website and a hard copy can be provided on request. A summary of the plan is not publicly available at this time and a Welsh language version can be provided upon request.

The Council has set itself three strategic priorities: school improvement; protection of vulnerable people; and supporting enterprise, job creation and entrepreneurship. It has also both prioritised and protected resources from budget cuts in these three priority areas.

Five of the six Improvement Objectives reflect these three priorities and the sixth is directed at modernising the way the Council is run through the implementation of the Council's new transformational change programme, 'Your County, Your Way'. This change programme is currently being rolled out across the Council as its aim is to engender cultural change to underpin all the Council's activity going forward. The change programme is focussed around five core areas of activity - networked and agile working; systems thinking and doing; intrapreneurship; peer and knowledge development; and developing effective listening tools. The Council is working with NESTA¹ under the Creative Councils programme to deliver 'Your County, Your Way'.

Each of the Council's six Improvement Objectives include a summary setting out the specific rationale for their selection as a priority for improvement. This includes service user feedback, Welsh Government priorities, strategic partner's views, stakeholder engagement and community issues.

¹ NESTA is an independent charity which helps people and organisations to bring ideas to life and to develop innovative solutions in designing and delivering services.

The Council has clearly stated what each of the Improvement Objectives aims to achieve in relation to its priorities and has identified broad measures of success. It is evident in the Plan that the Council has undertaken further work on refining its existing measures and developing new ones through its continued focus on outcomes and applying an Outcome Based Accountability² (OBA) approach to achieve this. The Plan sets out how the actions and projects for each Improvement Objective will be managed via the individual department/team level Service Improvement Plans (SIPs). The Plan also identifies, in broad terms, the resources that are available to support delivery of the Improvement Objectives.

The links between the Improvement Objectives and accompanying measures of success, baselines and targets are being strengthened and this will need to continue over the next 12 months. These improved links will make it easier for the Council to demonstrate effective delivery of all the Improvement Objectives. In many Objectives the focus is very clear and the intended impact of improvement is clearly set. For instance, the Improvement Objective relating to improving education and learning in Monmouthshire, where the measures of success focus on attainment and it is clear what the intended end result is.

In others it is less clear. For example, under the Improvement Objective to provide a joined-up and comprehensive approach to area regeneration and development, the emphasis is on the renewal of the four major towns of the county – Monmouth, Abergavenny, Chepstow and Caldicot. For 2012-13, activity is prioritised in Severnside and Abergavenny but the improvement plan does not include any measures of success specifically focussed on judging the positive impact of this work in these areas, or, indeed, the four towns in general. The measures used are mostly broad and not specific to these communities, and this will make it difficult for the Council to judge impact and demonstrate improvement. The Council needs to further strengthen how it links the focus for annual improvement activity under each of its Improvement Objectives, the action plans for co-ordinating delivery and the measures to judge success.

The local authority elections in May 2012 brought a change in the Council's administration. The Council is now led by a Partnership Administration made up of the Conservative and Liberal Democrat Groups. The Leader has retained his previous Cabinet Members with the addition of the Leader of the Liberal Democrat group to the Cabinet. A partnership agreement has been developed and signed by the two political groups which underpins the work of the Administration and confirms its priorities. The opposition parties now account for 21 of the 43 Council members. The Partnership

² Outcome Based Accountability is focussed on judging impact and outcomes and the difference services can make to peoples' quality of life.

Administration wants to continue to drive forward a modernisation agenda and demonstrate that the changes it makes result in better outcomes for citizens.

The Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 set out specific requirements for local authorities in Wales. They are required to develop and publish Equality Objectives and a Strategic Equality Plan by 2 April 2012. There is significant alignment between the requirement to produce Equality Objectives and the 'Fairness' element that authorities must pay consideration to in setting improvement objectives under the Measure. 'Looking to the Future: Your County, Your Way Improvement Plan 2012-15' includes detailed information which shows how the Council has discharged these statutory requirements when setting its Improvement Objectives and improvement Plan.

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 its requirement to make arrangements to secure continuous improvement during this financial year

I have reached this conclusion because:

The Council has made progress in addressing most of the areas for improvement we identified. The systems in place to co-ordinate and manage the findings and outcomes of some of our work need to be strengthened.

I have previously reported a number of recommendations and 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.

Overall, the Council has made progress against most of the proposals for improvement. For example, the Council has recently published its People Strategy 2012 and is undertaking significant programme of organisational change through 'Your County, Your Way'. Work is under way in other areas, such as the development of robust outcome measures. In a small number of areas, little or no progress has been made to date. For instance, against our proposal on improving information on unit costs, activity costs, benchmarks and other financial performance measures to help make more informed financial decisions. The Council acknowledges the lack of progress in this area and does not view it as priority work.

The Council shapes its response to managing the findings and proposals for improvement from external regulators and inspectors, based on a determination of whether the proposal is a fundamental change in practice or an amendment to day to day routine working. Generally actions are captured in SIPs and these have clear guidance and appropriate management and accountability systems in place to track progress in their

delivery and assess impact. SIPs are monitored by the responsible Departments, the Strategic Leadership Team, the Audit and Accounts Committee, Select Committees and Cabinet on a six monthly cycle. Currently the Council is refreshing its SIPs to align them with 'Looking to the Future: Your County, Your Way Improvement Plan 2012-15'. Consequently, it is not possible to determine how fully embedded the SIP process is at this time and we will review the effectiveness of this approach as part of our work to inform our Annual Improvement Report.

We found that both the Cabinet and Audit Committee have received both our Corporate Assessment and Annual Improvement Reports, as well as findings of other Regulators and Inspectorates. This helps Members to assess how the Council is performing and consider an independent view of the Council's approach to deliver improvement for citizens.

Our recent service based reviews are not always presented to select committees and are generally managed within services. To trace the delivery of these proposals for improvement, we have undertaken a stock take on progress in addressing the proposals for improvement of our Technology Review which was reported to the Council in October 2011. Our review in August 2012 found that four of our key proposals for improvement have been progressed. The Council's arrangements to manage, monitor and evaluate the implementation of our proposals should be strengthened with better reporting to its Select Committees and within services.

Where actions are ongoing, we will continue to monitor and report the Council's progress in implementing them. Further information about our findings in some of these areas is provided separately in interim updates to the Council where appropriate.

Corporate arrangements for co-ordinating and reporting performance are effective but some systems for managing performance within services are not 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 we have recently audited these systems to assess how effective and reliable these arrangements are. The measures we 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.

We found the Council overall had good systems in place to manage performance information although one of the 13 measures audited was qualified. We will report on the performance of services in our Annual Improvement Report.

The Council has a good track record of financial planning and managing with less money and its willingness to innovate and challenge traditional ways of working is supporting it to modernise the way it works. Limitations in capital funding remain difficult and further work on demonstrating the impact of financial decisions on the lives of citizens would strengthen accountability.

The Cabinet and the Strategic Leadership Team have a good understanding of financial matters, which has resulted in a sound medium-term financial planning process for several years. The Council has a willingness to consider a wide range of options and is transforming how it delivers services to citizens through 'Your County, Your Way'. Within the Council's financial planning framework there is evidence that high level and key strategic Welsh Government targets are factored in such as the national waste targets, 21st century schools and protecting services for vulnerable people.

The Council has a good understanding of the cost pressures it faces and has good systems in place to frequently assess and review performance. Regular updates of the Medium Term Financial Plan (MTFP) are made throughout each year. The Council has developed a detailed and systematic approach to reviewing revenue budgets and this has enabled it to reduce expenditure in line with reductions in central government support.

Regular and routine financial information is produced which shows performance on both revenue and capital budgets. This information is reported at various levels within the Council; to Cabinet and Select Committees on a quarterly basis; and is subject to scrutiny and challenge. The 2012-13 Revenue budget is £149.148 million and the Council has identified need to secure savings of approximately £5 million to balance the 2012-13 budget. The Council has a good track record in delivering revenue budget savings and operating within its budget, and delivered a £4 million surplus on its 2011-12 budget. This level of underspend was not projected within the budget monitoring reports to Members. At month three the Council predicted a £0.6 million overspend which at month nine had changed into a £1.6 million underspend. This positive outturn position was due to improved performance on treasury activity and council tax receipts, increased outcome agreement grant and lower than expected costs to settle equal pay claims.

With regard to capital expenditure the Council faces greater challenges with anticipated expenditure set to reduce significantly from £28.778 million in 2012-13 to £7.006 million in 2015-16. The Council's MTFP identifies a need for £273.5 million capital resources to improve infrastructure, develop new services and upgrade existing facilities.

Limited work has been undertaken on demographic changes, primarily because medium term needs/demand information is not well developed and readily available. The MTFP process could be strengthened with a clearer analysis and focus on future demand and need. The MTFP includes some cost pressures within services and these are generally short term. The MTFP is updated on a regular basis and this approach reflects the

Council's commitment to ensuring the information it uses to make choices on budgets is based on actual performance to support better decision-making.

The Council has recently collated information at a headline level to show the impact of budget decisions and changes resulting from 'systems thinking' reviews on different services. For example, impact of the recent Tourist Information Centre review and the roll out of Gwent Frailty programme (GFP). However, the impact for citizens of reductions in expenditure and changes in how services are delivered in some other areas is not always apparent. Significant work has also been undertaken on shared services and collaboration with neighbouring councils and other public sector bodies such as the Gwent wide school improvement service.

Partners are strongly committed to the Gwent Frailty programme vision and have created a sound programme management framework to underpin it. Gwent Frailty is in the early stages of implementation and challenges remain to ensure it is sustainable, to change established behaviours and to demonstrate its impact.

From April 2011, Aneurin Bevan Health Board and Blaenau Gwent, Caerphilly, Monmouth, Newport and Torfaen Councils began implementing an ambitious integrated model of health and social care called the GFP. The GFP has legal status under a Section 33 Partnership agreement³ between the Health Board and the five local authorities and is supported with £6.9 million of Invest to Save Funding from the Welsh Government. The GFP's aims have significant relevance to the way in which the public sector bodies involved use their resources and are central to the delivery of improvement priorities at all agencies involved.

The Wales Audit Office undertook an initial review of the arrangements for GFP implementation, focused on providing early assurance in relation to governance arrangements and direction of travel towards achieving intended aims and outcomes, rather than an evaluation of success. We concluded that Partners are strongly committed to the GFP vision and have created a sound programme management framework to underpin it. The GFP is in the early stages of implementation and challenges remain to ensure it is sustainable, to change established behaviours and to demonstrate its impact.

³ A partnership agreement under Section 33 of the National Health Service (Wales) Act 2006 has been established to allow for the integration of health and social care services and the pooling of budgets to deliver the Gwent frailty project.

Monmouthshire Social Services has significant strengths in a number of areas and the Council is realistic about the need to manage increasing demand from demographic pressures through early interventions. These approaches are in different stages of development and the challenge for the Council is to continue to deliver better outcomes within constrained budgets.

A Care and Social Services Inspectorate Wales (CSSIW) inspection of services for children and adults took place in November and December 2011 and was reported in May 2012. The inspection focussed on identified areas for improvement in both services, including Monmouthshire's approach to modernising services. Whilst the inspection focused primarily on domiciliary care services for adults and establishing whether the Council has achieved good outcomes for the children and their families who required support, it also commented on the wider management and practice environment and these key findings are of relevance in respect of the Council's corporate arrangements.

The inspection found that corporately the local authority prioritises support to, and safeguarding of, vulnerable children and adults. Staff and managers at all levels consistently employ a person centred approach. Services are provided in ways which promote the best interests of the service user, whether a child, young person or adult. The Chief Executive exemplifies the person centred values which he expects from all staff in the Council, including social services.

The Council is committed to working in partnership wherever this gives better outcomes. Social Services have numerous collaborative partnerships which increase choice and encourage independence for people who use services and their families. This is demonstrated well across both Adult and Children's Services. Despite overall analysis on mapping demographic needs, unmet need is not systematically gathered in either Adult or Children's Social services. Anonymised information from individual assessments and care plans is not generally aggregated to support strategic commissioning, which is a lost opportunity.

Frontline staff in Adult and Children's Services have either moved or are about to move to different locations in order to support the objectives of the service more effectively. Coupled with agile working, where technology enables people to work using information technology wherever they find themselves, this should make for more effective use of resources. However, feedback from some staff suggests it has also created some additional tensions that have to be managed. This includes perceptions about reduced opportunities to share practice informally with their peers. The senior management team will need to ensure these changes are effectively managed.

Staff in both Adult and Children's Services work in a busy environment. Senior managers report that both Adult and Children's Services are looking at systems redesign to ensure that they have effective work flows, that thresholds are consistent and that staff are able to focus on key elements of practice. There is a departmental supervision policy. Most

staff voiced appreciation of the support they receive from managers in supervision. However, there are variations in the way supervision is recorded and the monitoring processes have been applied inconsistently. Annual appraisal had generally taken place for staff in Adult Services, but was much less likely to have occurred in Children's Services. The excellent progress made on recruiting and retaining staff could be undermined if demand consistently outstrips capacity.

Estyn are due to undertake an inspection of the local authority education service in November 2012. We will report on the outcome of this in our next Annual Improvement Report.

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 – Improvement Planning

P1 Set measures of success that specifically focus on judging the impact of the annual programme of actions for each improvement objective to enable an evaluation of how successful performance is in delivering outcomes.

Proposals for Improvement – Implementing proposals for Improvement

P2 Report performance on addressing the findings of our service based reviews to the appropriate select committees to enable members to scrutinise and challenge services.

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.

Our agreed work to evaluate what progress the Council has made in the areas of collaboration and service based impact assessments of reduction in budgets and resources will be completed prior to our next Annual Improvement Report. We will also examine the Council's performance against its Improvement Objectives and review how it has self-assessed and reported its performance. I will also report conclusions from the work of other regulators.

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
Non Jenkins, Regional Manager
Nick Selwyn, Performance Audit Lead

Appendix 1

Proposals for improvement	Progress
<p>1. Evaluate the impact of reduced budgets, to identify and deal with risks and report publically on the impact upon frontline services.</p>	<p>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. The Council's MTFP highlights the financial position in both the short and medium-term, and sets out various scenarios that allow the Council to anticipate changing circumstances and to manage its financial risks. The Council needs to reduce its revenue spending and in February 2012, the Council in setting its budget reported that it needs to secure savings of £5.018 million in 2012-13. The MTFP is refreshed annually (usually more than once during the year) and the Council has a clear and good handle on its finances. The updates focus on the current position and updates assumptions. The one area where the process could be strengthened is a clearer analysis and focuses on future demand and need. This has not been done in most areas.</p>
<p>2. The Council should continue to address the proposals and actions for improvement identified in previous external audit and regulation reports.</p>	<p>The Council has, overall, made progress against most of the proposals for improvement. For example, the Council has recently published its People Strategy 2012 and is undertaking significant programme of organisational change through 'Your County, Your Way'. Work remains to be done in other areas such as the development of robust outcome measures and in delivering all the conclusions of some of our thematic work. In a small number, little or no progress has been made. For instance, our proposal on improving information on unit costs, activity costs, benchmarks and other financial performance measures to help make more informed financial decisions. The Council acknowledges the lack of progress in this area and does not view it as priority work.</p>
<p>3. Improve information on unit costs, activity costs, benchmarks and other financial performance measures to help make more informed financial decisions.</p>	<p>The Council has undertaken limited work on benchmarking and comparing costs. Rather, the Council has sought to improve its financial planning and value for money analysis through the regular update and refresh of its MTFP. This allows the Council to update both current performance and the underlying assumptions that impact on making better use of the money it has available.</p>
<p>4. Ensure the commitments of the Welsh Language Scheme are delivered and complied with.</p>	<p>The Council has recently appointed a full time Welsh Language and Equalities Officer and is prioritising further work in this area. We will continue to monitor how the Council delivers its strategic Welsh language commitments and will summarise the key conclusions of the Welsh Language Board annual monitoring report in in our Annual Improvement Report.</p>

Proposals for improvement	Progress
<p>5. Establish clear success measures for all objectives and support the effective monitoring of performance through regular, clear reporting of outcomes.</p>	<p>The Council continues to make progress in refining and improving its improvement objectives to ensure it is able to better demonstrate impact and outcomes. In 'Looking to the Future: Your County, Your Way Improvement Plan 2012-15' the Council's Improvement Objectives are set out under a OBA model which includes:</p> <ul style="list-style-type: none"> • a narrative setting the context for the improvement objective; • how successful have we been during 2011/12? – a section assessing performance in the previous financial year using an RBA framework of how much/how well/is anyone better off; • what we are doing to improve – the focus of work going forward that will enable the Council to address the problems/challenges it has identified; • the resources available to deliver the work; • measures of success – using the OBA model of how much/how well/is anyone better off; and • links with other council/community improvement activities. <p>Links between the Council's core priorities and the population outcomes being sought within Monmouthshire are also set out for each of the individual Improvement Objectives. Some of the improvement objectives are broad and it is clear what citizens can expect to see improve under the OBA measurement framework. However in others the focus is very narrow; it is not clear what the impact of activity will result in; and the measures to judge success are not outcome focussed or too broad to measure the impact of activity.</p> <p>We will continue to monitor how the Council manages performance, in particular in relation to its Improvement Objectives and will report our findings in our Annual Improvement Report.</p>
<p>6. Improve self-assessment arrangements and performance reporting.</p>	<p>The Council has improved how it reports its performance and assesses progress in delivering its key priorities. The Council's self-assessment of its performance published in October 2011 makes use of a wider range of evidence than has been the case in previous years' reports. The Council could more clearly state which elements of its services are improving and which areas are declining and making clear what this means for citizens in the future. Likewise, the Council does not consistently report progress in delivering Improvement Objectives and broader performance of services to its scrutiny committees. This is an area the Council is seeking to address in developing the scrutiny forward work programmes in 2012-13.</p>

Proposals for improvement	Progress
<p>7. Identify minimum service standards for all service areas against which performance can be monitored.</p>	<p>The Council has undertaken work via its systems thinking service reviews to improve the focus of services to citizens and ensure the most appropriate level and response is provided which meets the needs of Monmouth residents.</p> <p>We are planning to undertake a service based impact assessment of reduction in budgets and resources and will report our findings in our Improvement Assessment Report. This review will identify and assess the impact of revenue, capital and human resource reductions on services and evaluate whether the Council is continuing to manage to deliver its statutory obligations and improvement objectives effectively.</p>
<p>8. Ensure there are robust and effective governance arrangements in place when creating integrated services and collaborations, which are subject to regular evaluation of their impact.</p>	<p>Our review of Gwent Frailty found that the governance arrangements appear to be sound and working effectively. Specialist legal advisors and consultants gave assistance to draw-up the Section 33 agreement which sets out the partners' respective accountabilities. The Frailty Joint Committee (FJC) is constituted under the Section 33 agreement as a formal decision-making body with representatives from each partner. All partners have equal representation on the FJC. The Section 33 agreement also enables Gwent Frailty to establish a pooled budget and we found arrangements for nominated leads to manage areas such as finance and human resources are working well.</p> <p>We are planning to undertake a collaboration governance risk review which will identify and map out the level of collaboration taking place within the Council and risk assess the effectiveness of governance arrangements in setting up collaborative ventures. In particular we will focus on assessing whether anticipated benefits from collaboration are being realised and improvement in the range and quality of services maintained and enhanced and will report our findings in Annual Improvement Report.</p>

Proposals for improvement	Progress
<p>9. Formalise and publish a workforce plan setting out future staffing requirements that is aligned with work on asset management and medium-term financial planning.</p>	<p>In 2011-12 the Council completed a systems thinking review of its HR functions and has recently published its 'People Strategy 2012'. The purpose of the 'People Strategy 2012' is "Aligning staff to meet the needs of the organisation now and into the future". The Strategy is underpinned by a medium term action plan that is focussed on eight core areas of activity:</p> <ul style="list-style-type: none">• workforce data;• workforce policies;• communicating new strategy to staff;• implementation of approaches that emphasise behaviour and attitudes;• spreading Intrapreneurship/creative thinking throughout the Council;• embedding whole systems approaches across the Council;• linking to performance and outcome agreements; and• reviewing progress.