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Dear Paul

## Improvement Assessment Letter

This letter summarises the key conclusions arising 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 Monmouthshire County Council (the Council) has discharged its duties and met the requirements of the Measure.

Further to my Improvement Assessment letter of 3 October 2012 this 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 could 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 How we performed 2011/12 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 as measured by the national statutory performance indicators.
- A summary of the key findings of Wales Audit Office regulatory work is included and the information reported presents a balanced synopsis of key findings and briefly sets out how my recommendations are being addressed.
- The Performance Report is available in English to download from the Council's website and a hard copy can be provided on request. A Welsh language version and alternatives in other formats, including 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. These can be downloaded from the Council's website and a hard copy can be provided on request.
- Both the full Performance Report and the summary include a section for citizens who want more information or wish to get involved in the future.

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

- The Performance Report provides website links to all regulators to enable readers to access the inspection and other regulatory reports, including service based reviews. The Performance Report does not report in detail the findings and conclusions of regulatory activity from Estyn and the Care and Social Services Inspectorate Wales (CSSIW) and no conclusion on their most recent work is included. This means that the Council is not reflecting on all appropriate and available sources of information in evaluating and reporting its performance.
- The Performance Report includes a section on major collaborations such as the Gwent wide Education Attainment Service and other specific sub-regional projects such as the Shared Resource Service for ICT provision with Torfaen County Borough Council and Gwent Police. Whilst the summary information provides a good snapshot of current activity, it could be improved by reporting what the actual benefits of collaboration activity have been to date, such as cash savings secured,

or whether the intended outcomes sought from the collaboration are being delivered.

- Whilst the Performance Report is available on the Council's website, it is several layers beneath the home page, is not promoted and can only be found if you know what to look for. The Council could improve accessibility for citizens and accountability for its performance by highlighting the Performance Report on its homepage.

**The Council is making some progress in its approach to self-evaluation but needs to become more consistent and balanced in how it reports, evaluates and accounts for its performance**

I have reached this conclusion because in my Annual Improvement Report of January 2012 I identified that the Council needs to improve how it demonstrates the impact of its activity, and report fully on the things it said it would do in its Performance Report in 2011-12. 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 the Council is improving aspects of its performance management and reporting. But in some areas the weaknesses I previously identified have not been fully addressed, hampering the Council from improving its self-evaluation arrangements.

We have not looked at performance management and reporting within Education under this review due to the Estyn inspection of the Local Education Authority in November 2012. Our review focused on the Council's self-evaluation of three of the six Improvement Objectives relating to Training and Employment; Economic Development and Regeneration; and Social Care Services.

**The Council has a framework for managing and reporting performance but inconsistencies in service reporting is limiting its ability to consistently evaluate performance in a balanced way**

Performance management across the Council is co-ordinated and overseen by a central Improvement Team. This team provides a supporting role to services; co-ordinates the production of performance measures and indicator results; and plays an active role in supporting the Council's improvement agenda through its work with services. The Improvement Team supports performance across the Council's services, and does not provide internal challenge to their activity. These responsibilities rest solely with the individual services as the 'owners' of the Improvement Objectives, and they are accountable for reporting their own performance against these.

The Council uses individual Service Improvement Plans (SIP's) to manage and report performance. Responsibilities for performance management are known and owned, and we found evidence in Social Care that SIPs are used to plan activity and drive improvement. It is clear that, in this service, performance management is seen as

important and necessary and is being used to help evaluate and support managers to improve performance and be accountable for the services the Council delivers. However, the weaknesses identified in Economic Development and Regeneration services in my Annual Improvement Report of January 2012 remain. There is little evidence of change or improvement in how these services evaluate their performance.

In my Annual Improvement Report of January 2012 I noted that the Council does not consistently report progress in delivering Improvement Objectives and broader performance of services to its scrutiny committees. I found that for 2011-12 some activity has been presented to the Audit Committee for review and Social Services performance is considered by Scrutiny Members, although in the latter's case the focus of reporting changed over the course of 2011-12, which made it difficult for Members to track progress. In other service areas this reporting is not formally undertaken. This limits the opportunity for independent challenge and scrutiny of services and weakens accountability. There are opportunities for the Council to strengthen its internal challenge within and across services, and by Members through Scrutiny.

**The Council is continuing to develop its focus on outcomes but due to limitations in some of its evaluation it is unable to effectively judge how well it is delivering some improvement objectives**

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 to 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 progress continues to be made in how the Council evaluates its performance, weaknesses in the quality and robustness of some of the assessments of Improvement Objectives remain to be addressed.

The Performance Report is well structured, clearly presented and easy to read, and uses a consistent reporting structure to evaluate and report performance for each of the Improvement Objectives. I found that the Council is continuing to develop its outcome-based accountability performance reporting framework to allow 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. For 2011-12, the Council has continued to refine and strengthen its performance measures to help it better assess the impact of its work, which will allow it to become more accountable to

citizens in Monmouthshire. My review also found that the Council's Performance Report assesses in some areas, whether the actions set in the preceding year have been delivered and reports performance against adopted indicators of success using an Outcome-Based Accountability<sup>1</sup> structure.

The Council's Performance Report includes comments on some areas, such as waste services, where slow progress or no progress has been made in delivering actions. This makes the Council's self-evaluation of this Improvement Objective more balanced, accountable and comprehensive.

However, my review also found that in some areas, such as the services that contribute to the regeneration Improvement Objective, the evidence base and evaluation is not robust, and the narrative does not match the conclusion on whether the Council is doing what it planned to do. This limits the Council's ability to successfully self-evaluate its performance and whether it has achieved its Improvement Objectives, and presents an unbalanced and incomplete picture of whether it has done what it planned to do.

My review of the Council's 2011-12 Performance Report also found an inconsistent picture of how well embedded the outcome-based accountability framework is within the Council. In some areas, the range and quality of performance measures used enable a good evaluation of progress. For example, the Improvement Objective bringing together health, social care and independent agencies through the Gwent Frailty Programme to promote independence of vulnerable people. Here, the Council's evidence and assessment uses appropriate measures to judge impact, such as the percentage of people who are independent at the end of Reablement, and the proportion of services users reporting that staff were enabling them to live independently. These are clear and suitable measures that allow for progress and impact to be evaluated.

This is borne out by the recent CSSIW assessment, which noted that the Director's report is detailed, and places the achievements of the council and the priority areas for development within a clear local and national context. Further, CSSIW acknowledges that the Council's self-evaluation is realistic about what can be achieved given timescales and the financial challenges it faces. CSSIW notes that more targeted services to individual carers would improve individual outcomes and performance indicators and, whilst there is still some way to go, particularly around developing robust performance management systems to measure outcomes arising from Gwent Frailty, the Council has made progress in a number of core areas as measured by the Welsh Government performance indicators. The further work planned by all councils with ABHB under the Frailty programme will enable the Council to develop more outcome-focussed measures to better judge its performance.

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<sup>1</sup> An approach to planning and assessing the performance of services that focuses on the results – or outcomes – that the services are intended to achieve.

In other areas however, the evidence base and evaluation is not as robust. For example, under the Improvement Objective focused on providing a joined-up and comprehensive approach to area regeneration and development, I found that the Council only has one measure for assessing whether outcomes for citizens have improved, and this relates to assessing the number of people experiencing fuel poverty in Overmonnow. This is quite a narrow measure of impact and does not relate to the full programme of work being delivered, which means that the Council is not able to judge or demonstrate whether it is improving outcomes for citizens.

Setting targets can be a helpful method to challenge the organisation or a specific service area to do better and to account for progress and performance. 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 includes information on targets, and evaluates performance against these under each of its Improvement Objectives. This means that the Council is able to report how effective it is at meeting its targets, and citizens are able to see whether the Council is making the level of improvements it believed it could achieve.

The Performance Report outlines in various places the Council's performance against National Strategic Indicators (NSIs), Public Accountability Measures and Service Improvement Datasets. The Council reports its actual performance for the last four financial years (2008-09 to 2011-12), the quartile for current performance and the direction of travel – improving or declining – over this period, as well as comparing performance with the Welsh average. The Council has also included a series of graphs which show how the core customer facing services – social services, education, housing and environment – perform in relation to the NSI's, and records the proportion of performance measures improving and declining in 2011-12. This is a good evaluation of activity but it could be improved further through the inclusion of the Council's ranking amongst the 22 Welsh councils; its annual change in ranking; and its relative performance compared to other councils to judge more effectively the rate of improvement. The inclusion of a RAG (Red: Amber: Green) system would also allow for easy identification of whether performance is improving or declining.

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 breadth of analysis in some areas and is primarily focused 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 improvement in a more rounded way. Positively, the Council has included specific information on capital and revenue budgets that contribute to delivery of activity under each of the Improvement Objectives, and specifically identifies the role of

partners and how they contribute to delivering the intended outcome. This allows the reader to better understand performance and the context in which services operate.

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. I reported on this in my Annual Improvement Report of January 2012 as something that would improve the Council's self-evaluation of its own performance. The absence of evaluative statements undermines the Council's self-evaluation arrangements and hinders the Council and the public from understanding whether the Improvement Objectives have been achieved. This weakens the Council's accountability to citizens.

**Some systems for managing performance indicators are not robust and the reliability of data has declined in the last year**

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 NSIs, 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 co-ordinate and manage the production of this all-Wales performance information, although one of the 13 measures audited was qualified.

With regard to local measures, I audited 15 local performance indicators, all of which are used to judge how well the Council is performing in delivering its six Improvement Objectives. Of this total, I found that one indicator had no systems in place to report performance, and consequently could neither be audited nor used to judge improvement; three have been qualified due to irregularities in the collation and assessment of data; and two had to be amended as a result of system error. This is a significant decline in performance from 2010-11, where my audit identified no system issues for the management and reporting of performance indicators at all.

## 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; and  
Maximising accessibility to citizens and stakeholders of the Council's performance assessment.
- P2 Ensure all services have consistent and effective arrangements to manage, report, evaluate and improve performance which are reported against agreed minimum standards and are subject to robust scrutiny and challenge.

Yours sincerely



HUW VAUGHAN THOMAS

AUDITOR GENERAL FOR WALES

CC: Carl Sargeant, Minister for Local Government and Communities