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Date	16 October 2013
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Pages	1 of 7

Dear Keith

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 Rhondda Cynon Taf County Borough 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, including:
 - the Council's progress on areas for improvement identified in my previous assessments; and
 - any relevant issues that may have emerged since my last report, including comments on how the Council is addressing financial challenges;
- my further proposal for improvement; 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 2013.

The Council has discharged its improvement planning duties under the Measure. However, it should ensure that it acts more 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, the *Corporate Plan 2013-14 – 2015-16*, (the Plan), met the requirements of the Measure for 2013-14.

The Council published its Plan in June 2013, setting out the Council's seven priorities for improvement over the next three years. The Plan has a clear structure, and uses plain language to outline the improvement priorities and the detail of them. The Plan explains the rationale for the selection of improvement priorities, the outcomes the community can expect if they are achieved, and illustrates the information that will be used to measure the impact. The Plan sets out the activities designed to help achieve the specified outcomes that include critical improvement actions, milestones and measures of performance.

A brief summary of the Plan was published electronically in July 2013 on the Council's website and publicised in the September 2013 edition of *Outlook* – the Council's newsletter to residents. The Council intends to provide updates in *Outlook* on its progress in achieving its improvement priorities.

My audit and assessment work has identified scope to strengthen the Plan in one important aspect. Where the Council is using performance indicators (whether statutory, standard or local) as measures of success in achieving its improvement objectives, baseline and targeted performance data is needed to clearly express the scale of the Council's improvement ambitions. In the current version of the Plan, this necessary data is missing from a significant proportion of success measures. I describe this issue in more detail in the next section of this letter.

The Council should also act more in accordance with Welsh Government guidance to publish its improvement plans and performance information in ways which facilitate wider engagement with those it serves and to stimulate dialogue on its priorities and progress towards meeting them. The Council considers the Corporate Plan to be a technical document, and therefore of limited public interest. However, the two-page summary does not contain sufficient information to provide a general readership with a fair and balanced overview of the Council's priorities and improvement objectives, and how these are intended to improve outcomes for citizens.

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 continues to make good progress in addressing the proposals for improvement identified in previous assessments

Over the last two years I have reported six proposals for improvement. The Council has a good track record in responding positively and resourcing appropriate activity to address them. By their very nature, these areas for improvement require continuous attention over time rather than being straightforward 'task/finish' items. My ongoing work gives me assurance that the Council continues to make good progress in relation to them. For example, it is clear that progress is being made to focus the Council's improvement planning more clearly upon outcomes for citizens and to develop its success measures. Internal challenge arrangements, including Internal Audit and Scrutiny, are being utilised with a view to improving the effectiveness of improvement planning, and a suite of tools has been developed to examine and challenge the value for money of specific services. I comment further on these developments below.

My staff have scheduled regular meetings with Council officers to help support and provide insight to their ongoing review of the effectiveness of ICT governance arrangements. This year, my staff also provided insight and challenge in helping the Council to further develop:

- its service planning and performance management systems in core areas of services to children and young people, and to adults in need; and
- member engagement and effectiveness of scrutiny.

The Council is taking action to strengthen its arrangements to monitor, evaluate and report progress against its improvement objectives

As stated above, my audit and assessment work has identified that the Council needs to more clearly express the scale of its improvement ambitions within the Plan. In my 2013 Annual Improvement Report, I also reported that the Council could more clearly evaluate the progress being made towards achieving its improvement priorities.

In general, the intended direction of travel is clear; the Plan describes how the Council intends to improve outcomes for its citizens by either increasing or reducing particular conditions or events. However, in combination, the following issues mean that the scale of

and rationale for the Council's ambition is unclear and/or, more crucially, that the Council's ability to monitor and evaluate progress in achieving its improvement priorities may be compromised:

- For some improvement priorities, whilst measures of success are defined the Council has chosen not to set targets for achievement but rather to monitor direction of travel over time.
- In improving its Plan this year the Council has introduced some new local success measures. For these new measures, reliable baseline data will not be available until the end of 2013-14, so the Council has been reluctant to set targets.
- In some instances where targets have been set in relation to specific measures of success the rationale for that target is not set out in the Plan. A clear rationale would be helpful in understanding the scale of the Council's improvement ambition in the context of the challenges it faces, particularly where future targets represent a maintenance or reduction in performance over time.
- My audit of a sample of local success measures identified instances where their definition was unclear and, in some cases, inconsistent with the data being collected. Also, there are no routine quality assurance processes in place for checking the accuracy of some local measures.

The Council recognises that it needs to address these important issues. Accordingly, it has commissioned Internal Audit to undertake an urgent review of a wider sample of its locally defined success measures in order to gain assurance as to their quality and accuracy, and to identify the rationale for any associated targets. The findings of this work will be used to inform member scrutiny of the Council's *Annual Review and Evaluation of Performance 2012-2013* prior to its publication in October 2013. This is the first year that the Council will use scrutiny committees to examine and challenge the content of its public performance report prior to its approval by full Council. This challenge process is good practice and should remain a permanent fixture in the Council's forward planning calendar. My staff have agreed to facilitate 'post-project' learning with Council officers and members later this year. The Council also intends to subject its target setting arrangements to member scrutiny in order to facilitate clear expression of its improvement ambitions within next year's *Corporate Plan*.

My staff will continue to review the progress being made and will provide an update in the 2014 Annual Improvement Report.

The Council continues to have a robust approach to achieving efficiency and resourcing planned improvements in services but is facing an unprecedented financial challenge over the medium term

The Council continues to focus on stability and sustainability in terms of its finances through an effective financial management framework. It has maintained robust in-year and medium-term financial management arrangements which have supported delivery of a balanced revenue budget for 2013-14 whilst retaining a prudent level of general reserve balances.

However, the Council estimates that it faces a four-year funding shortfall (from 2014-15) of at least £56 million, and considers that this shortfall may rise significantly as the austerity measures are predicted to bite even harder. It is to carry out a fundamental review of all Council services and will put forward detailed proposals for service change and efficiencies to address the budget shortfall in due course. In reviewing its services the Council can make good use of the suite of tools it has developed to examine and challenge the value for money of specific services. In developing its proposals the Council will need to adopt a clear approach to managing and mitigating, as far as possible, the risk of harming social, economic and environmental outcomes in the county borough. I note that further work is still required to complete the review of the current Risk Management Strategy and, in the circumstances, the Council should prioritise its work in this area.

The Council engaged well with other councils in Mid and West Wales and with the Wales Audit Office during our recent Improvement Study into the effectiveness of scrutiny

During the autumn of 2012 and spring of 2013, the Council took an active part in our all-Wales Improvement Study into the effectiveness of councils' scrutiny arrangements. My staff will be reporting the results of this work later in 2013 and hosting a shared learning event in November 2013.

During the study, the Council's Peer Learning Exchange Team (PLET) consisting of both councillors and officers:

- took part in two regional workshops along with PLETs from other Mid and West Wales councils;
- observed scrutiny committee meetings at Carmarthenshire County Council, providing feedback to committee members;
- discussed the way that scrutiny works in Carmarthenshire County Council with a group of committee chairs and vice-chairs; and
- drawing on its discussions and observations, provided an external perspective to Carmarthenshire County Council by evaluating its scrutiny function against criteria

developed jointly by the Wales Audit Office, the Welsh Local Government Association, Welsh Government and the Scrutiny Officers' Network.

A team from Powys County Council also conducted similar work in Rhondda Cynon Taf County Borough Council.

Before undertaking the activities set out above, the Council had evaluated the effectiveness of its own scrutiny function against the jointly developed criteria. After the Council's team had visited Carmarthenshire County Council and received Powys County Council's evaluation, the Council re-evaluated the quality of its own scrutiny, drawing on what it had learned. My staff have provided the Council with an analysis of its two self-evaluations, and how they compare with those in other councils throughout Wales. I expect the Council to consider these and decide how it is to further improve its scrutiny arrangements. I will comment on the Council's final self-evaluation and action plan for improving scrutiny as part of our on-going Improvement Assessment work once they have been agreed by the Council.

Further proposal for improvement

One further proposal for improvement is being suggested in this letter. I 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 In order to facilitate wider engagement with those it serves and to stimulate dialogue on its priorities, the Council should provide sufficient information within its Summary Improvement Plan to provide a general readership with a fair and balanced overview of the Council's priorities and improvement objectives, and how these are intended to improve outcomes for citizens.

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 provide 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 take 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 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: Lesley Griffiths, Minister for Local Government and Communities

