



WALES **AUDIT** OFFICE
SWYDDFA **ARCHWILIO** CYMRU

Annual Improvement Report **Caerphilly County Borough Council**

January 2011



Annual Improvement Report by the Auditor General for Wales

This report is written by the Wales Audit Office and PricewaterhouseCoopers on behalf of the Auditor General for Wales. (An explanation of what the Auditor General does is at Appendix 1). It is a new report that he is required to publish about how well Welsh councils are improving their services. With help from other inspectors like Estyn (for education) and the Care and Social Services Inspectorate for Wales, we have brought together a picture of what the council is trying to achieve; how it is going about it; and what it needs to do to improve its approach to improving services.

This Annual Improvement Report sets out that picture and each year we will produce a report to let you know what progress Caerphilly County Borough Council (the Council) has made. We have not covered all the services the Council provides. We have focused on a small number of things, especially those things that the Council has said are its priorities for improvement.

We want to find out what you think of the services the Council is providing in your area and will be giving you an opportunity to comment in the future. In the meantime we would like to know whether this report gives you the information you need, and whether it is easy to understand. You can let us know your views by emailing us at info@wao.gov.uk or writing to us at 24 Cathedral Road, Cardiff CF11 9LJ.

The Wales Audit Office study team that assisted in preparing this report comprised Alastair McQuaid and Nick Selwyn under the direction of Jane Holownia.

This report has been prepared by the Wales Audit Office on behalf of the Auditor General for Wales as required by the Local Government (Wales) Measure 2009. The Auditor General for Wales assesses the compliance of Welsh improvement authorities (county councils, county borough councils, national park authorities and fire and rescue authorities) with the improvement requirements of Part 1 of the Local Government (Wales) Measure 2009.

The Auditor General for Wales and his staff together comprise the Wales Audit Office. For further information about the Wales Audit Office please write to the Auditor General at 24 Cathedral Road, Cardiff, CF11 9LJ. Telephone 029 2032 0500, email: info@wao.gov.uk, or see website www.wao.gov.uk.

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What kind of area is Caerphilly?

1 Many organisations produce statistics about Caerphilly. We have used these to note some of Caerphilly's key features, as well as some of the challenges it faces¹.

geographic area
278 km²
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2 Caerphilly has a geographic area of 278 km² and is the seventh smallest local authority area of Wales. Its area accounts for 1.3 per cent of the total area of Wales. Its main town is Caerphilly. Other towns in the county borough are Bedwas, Risca, Ystrad Mynach, Nelson, Newbridge, Blackwood, Bargoed, New Tredegar and Rhymney.

population
172,737
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3 Based on the latest mid-year estimate (2009), the population of Caerphilly is 172,737, the fifth largest population for all Welsh councils. The age profile of Caerphilly's population taken from the mid-year estimates shows the number of children (aged 0 to 16) to be 34,032 in 2009 whilst the number of people aged 65+ is 28,392. The 2008 based local authority population projections show that the population for Caerphilly will increase to 181,935 by 2033.

34,032 aged 0-16
28,392 aged >65
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¹ For further information about the Caerphilly area please see Appendix 2.

Is Caerphilly County Borough Council well managed?

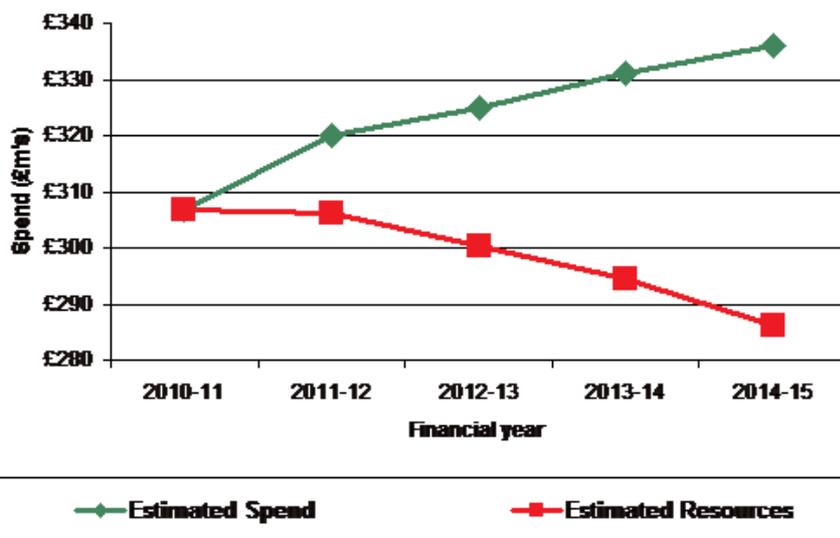
- 4 In August of last year the Auditor General produced a Corporate Assessment report commenting on how the Council is organised and managed. Our findings are set out in [Appendix 3](#). If you want to read the whole Corporate Assessment report you can find it on the Council's website or on the Wales Audit Office website at www.wao.gov.uk.
- 5 The overall conclusion of that report was: Caerphilly County Borough Council is building upon generally sound arrangements and recognises the need to strengthen its plans and performance in some key areas to meet the challenge of achieving future improvements.
- 6 The Council has a good track record of service improvement, but these improvements have not always been made quickly. The Council has good leadership, manages its budgets well and works well with other public sector bodies. The Council knows it needs to make savings in the recession and is currently working on how it will do this. It needs to improve aspects of how it develops its plans and manages their delivery, and also get better at how it uses its staff, manages their work, and uses its buildings to deliver services.
- 7 At the time we published our Corporate Assessment report the Council's Chief Executive had tendered his resignation. Following the appointment of a new Chief Executive, which was an internal appointment, the Council has embarked on a mini-restructuring. The Director of Corporate Services has been re-designated Deputy Chief Executive with a broader portfolio of responsibilities. The Corporate Management Team (CMT) consists of these two officers and the Corporate Directors of Education and Life Long Learning, and Social Services. The Director of Environment post has subsequently been deleted from the establishment with the Chief executive taking on direct line management of the former Environment Services. In addition there have been changes to some Head of Service line management responsibilities.
- 8 The money the Council spends comes mostly from central government which provides revenue and capital funding. Revenue funding pays for the services the Council provides and the staff the Council employs. Capital funding is used to pay for things like buildings and roads. In addition to the money the Council receives from central government, the Council raises funds through council tax and from fees and charges. It can also generate income from selling off surplus land and buildings it owns.
- 9 Due to the financial climate, almost all public services face reductions in funding. Revenue funding is the money that councils spend running and managing their services. The Council will see a reduction of around £4.524 million (1.7 per cent) in the revenue funding it gets from the Assembly Government for 2011-12. Once cost pressures are factored in, that means a real terms cut of around £9.135 million (3.58 per cent). Indicative Assembly Government figures show further real terms reductions in the Council's revenue funding for 2012-13 and 2013-14. These have been factored into a revised Medium Term Financial Plan (MTFP) that will require some £17 million of savings over the three year period.
- 10 The auditor appointed by the Auditor General has given his opinion on the Council's accounts. His Annual Audit Letter, which provides information regarding the accounts, use of resources and the Council's Improvement Plan, is included in this report in [Appendix 4](#).

11 At the beginning of each financial year, the Council has to set a balanced revenue budget to manage within the available funds, and then it monitors actual expenditure against this. The Council has a good track record of managing within the budgets it sets. Because it serves a relatively large population, the total amount the Council spends on delivering services is high compared with other Welsh councils. In 2009-10 the Council's revenue expenditure was £306.578 million and for 2010-11 it plans to spend £315 million. Per head of population the Council spent £1,710 for every resident in 2008-09. This is marginally above the Welsh average of £1,677.

12 The Council is well run financially and to date has been in a healthy financial position, including a good level of reserves which are predicted to rise from £13 million to £15 million over the course of 2010-11. Current forecasts for spend against budget for 2010-11 show a projected underspend of £6.11 million. The Council is building on this position in developing its MTFP and In its October 2010 MTFP predicted a growing revenue deficit between what the Council predicts it wants to spend and what it has available by 2014-15 – **Exhibit 1**.

Exhibit 1: Predicted budget spend and income 2010-11 – 2014-15

The gap between what the Council predicts it wants to spend and the level of resources it will have available will grow in the future unless action is taken to reduce expenditure.



Source: Caerphilly County Borough Council, Financial Outlook presentation, October 2010

- 13 If the Council is to secure the level of savings it needs to balance its budget in future, the Council must address some significant challenges. The Council is one of the most reliant on government grants, as a proportion of revenue expenditure, of all Welsh councils, with 67.4 per cent of expenditure in 2008-9 coming from government grants. The Welsh average was 62.8 per cent. The Council received the fourth highest level of revenue grant income from central government funding compared to other Welsh councils amounting to £101.96 million in 2008-09. The level of grant income has been higher than the Welsh average since 2003-04.
- 14 The cumulative effect of the predicted reduction in revenue resources noted above, combined with other factors that affect demand for services such as the increasing age profile of the population and the social impact of the recession, will place significant pressures upon councils. If levels of central funding that councils receive are cut significantly, Caerphilly could be hit hard. It estimates that at this time it employs approximately 900 members of staff under various Assembly Government grant programmes which are likely to result in redundancies or redeployment if programmes are reduced or terminated.
- 15 Council tax as a proportion of overall revenue expenditure is one of the lowest in Wales. In 2010-11, only £52.5 million, or 17 per cent of revenue expenditure, is funded from council tax. Arrears of unpaid council tax have increased in recent years. At the end of March 2010 the Council was owed £4.171 million in unpaid council tax, representing £56 per chargeable dwelling. This was below the Welsh average of £62 per dwelling. The Council has informed us that it has increased its collection rates to 99 per cent when payments received after March are included. The Council needs to address its arrears position to ensure it receives all the income it is owed to support its budget reduction decisions.
- 16 The Council has already instituted several savings programmes during 2010 11 to take forward into the MTFP to prepare itself for future pressures, and to date 80 per cent of the predicted required savings of £17.3 million have been identified. Some of these have already been implemented, such as savings on office running costs and a reduction in the number of corporate directors. Further policy papers outlining options for securing savings across the Council in the future will be considered by the CMT/Cabinet and will be presented to Scrutiny Committees and special Members seminars. These papers set out a series of options to secure further savings by 2013-14 and largely relate to four broad areas of work:
- introducing new ways of delivering existing services to make savings and improvements – for example sharing services and collaborating with partners and other public sector bodies (where value for money is identified) and determining new and innovative ways to deliver services at less cost;
 - optimising council finances – by reviewing income levels, implementing ‘Invest to Save’ strategies which accrue savings in the future, driving through collaborative procurement arrangements and setting a realistic council tax level over the period;
 - improving asset management – reducing and rationalising the Council’s asset portfolio with the sale/disposal of surplus assets to reinvest into frontline services; and
 - transforming the business – service restructuring and rationalisation, determining new and innovative ways to deliver services at less cost, reviewing all statutory provision and reducing/ceasing to provide discretionary services.

- 17 Given the scale of the financial challenge being faced by the Council it is important it prioritises delivery of the savings required. In our Corporate Assessment report we noted that votes in full Council are often finely balanced and some scrutiny committees have been used as a 'political football', which hampers their effectiveness. If the Council is to continue to successfully address the difficult financial and service challenges it faces it needs to ensure decisions are taken in a timely and appropriate manner, and this will require council wide ownership and leadership from all politicians and senior officers.
- 18 Councils administer housing and council tax benefits on behalf of the Department for Work and Pensions (DWP). Incorrect benefit payments generally happen when either the council has paid too much benefit or the claimant has not claimed appropriately. Councils must keep overpayments to a minimum whilst also promoting robust but sensitive recovery of the debt.
- 19 The Council's systems to prevent and recover overpayments were assessed by the Wales Audit Office. We concluded that in 2008-09, due to satisfactory preventative arrangements, the Council had reduced the level of overpayments by £218,000 (0.7 per cent) compared with the previous year with a fall to £2.174 million. The report recommended that the Council considers the positive 'spend to save' implications of providing a permanent recovery service and the Council now has dedicated staff that are able to maximise the recovery of debt.
- 20 Capital funding is the money that councils spend on infrastructure, for example new buildings and new equipment. The Council has identified the need for significant capital resources to improve infrastructure, develop new services and upgrade existing facilities. It has identified a £45 million maintenance and repair backlog for council buildings (excluding the housing stock and highways) and is completing a detailed Asset Management Plan (AMP) to be put before Members in the winter of 2010-11. In 2008-09 and 2009-10 the Council has invested £25.3 million in capital works, although it is not clear how this has impacted upon the outstanding backlog at this time.
- 21 As part of the new AMP it is working up proposals and plans for new major capital investment projects, such as the 21st century schools initiative and investment in highways. In recent years the amount of money raised by the Council through sales of assets, as with other Welsh councils, has declined, as a result of changed market conditions and has fallen from £8.506 million in 2006-07 to £3.370 million in 2008-09. It currently has £9 million unallocated capital receipts. The Council funded £3.7 million of capital funding from its revenue budget in 2009-10.
- 22 The capital funding available to the Council is set to reduce considerably. Because councils make bids for capital funding, it is not possible to be entirely clear about how much each council will get. The total sum of capital available to councils will fall by 14 per cent in 2011-12 (a real terms cut of 18.5 per cent). There are no official figures for local government capital spending beyond 2011-12 but it is likely to be in line with a general reduction in the Assembly Government's capital spending, which will be cut by around 34 per cent (around 40 per cent in real terms) between 2010-11 and 2014-15. The Council's budget strategy for 2011-12 to 2013-14 uses a mix of capital receipts, revenue surpluses and revenue contribution to capital and covers the estimated reduction of capital funding received from the Assembly Government.²

² Caerphilly CBC, Cabinet Paper, Budget Proposals 2011-12 – 2103-14 for Consultation, January 2011.

Does Caerphilly County Borough Council know what it needs to do to improve?

Planning to improve what matters most

- 23 The Assembly Government requires all councils to publish their plans for improving their services and how they will go about doing so. The Assembly Government expects councils to show that what they do reflects clearly what local people think is important, and results in improvements in peoples' lives.
- 24 The Council adopted its Corporate Improvement Plan (CIP) in October 2010. It plans to deliver improvements for its citizens against four broad strategic outcomes set out in its Community Strategy. These are consistent with the Assembly Government's national strategic priorities for Wales and are focused on:
- Regeneration
 - Living Environment
 - Health Social Care and Well-being
 - Education for Life
- 25 So that councils focus on making a difference to the things that matter most to local people, the Assembly Government requires councils to set improvement objectives and then report what they have achieved. For 2010-11 the Council has decided to concentrate on eight improvement objectives. These are consistent with the Council's strategic priorities as set out in the Community Strategy, its other key plans such as the Regeneration Strategy, the Health Social Care and Well-being Strategy and the Children and Young People's Plan. The Council has decided to:
- improve how they engage with citizens and listen to what customers tell them about services;
 - make Caerphilly a safer place to live and work;
 - sustain the range of employment opportunities for residents;
 - improve the skills level for children and young people;
 - promote benefits of a healthy and active lifestyle;
 - ensure adults in the social care system are able to lead a full, active and independent life;
 - ensure agencies and partners work together to safeguard children and young people; and
 - reduce the carbon footprint and improve sustainability.
- 26 The Council must publish its improvement objectives as soon as practical after the beginning of April each year. Next year, the Council intends to publish them earlier in the year. In this transition year the Council adopted its improvement objectives in September. The improvement objectives are set out in the CIP, which can be downloaded from the Council's website or provided in hard copy on request. The CIP is available in both English and Welsh. The Council is also planning to share a summary of its priorities for improvement with stakeholders and citizens within the county borough and will be publishing them in the autumn edition of its community newspaper Newslines.
- 27 The Council has not consulted specifically on its improvement objectives and has based information on existing consultation activity, such as its viewpoint panel. The CIP does not show how the range of key stakeholders recommended by the Assembly Government have been involved, for example, local businesses in relation to sustaining the range of employment opportunities. In future the Council needs to publish its improvement objectives early in each financial year to ensure citizens understand what the Council's priorities are and what benefits they can expect.

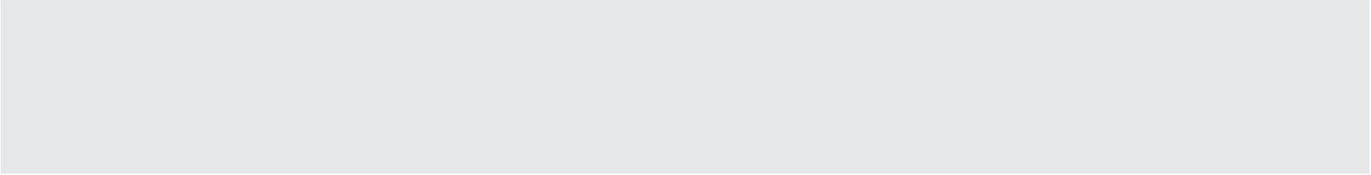
- 28 We have assessed the Council's improvement objectives to judge whether it is clear how local people will benefit from the work being proposed. Overall we think the approach adopted by the Council in establishing its improvement objectives is good. The Council has set out how its improvement objectives link to its strategic themes. For each improvement objective it has also included a description of what success will look like and established measures to judge how well it is doing. By setting measures of success the Council is trying to ensure that it can demonstrate what benefits have resulted from its work for residents.
- 29 However, currently not all improvement objectives include clear statements that show the level of improvement being sought and, in some, the systems for measuring progress are focused on judging success against existing performance indicators. These are not always appropriate as the link between the actions identified for delivery, the performance indicators and the improvement objective are not always apparent. As such the Council will be unable to make fair and accurate assessments of progress towards some of its objectives and how things have improved for local people and in these areas the Council needs to improve on how it proposes to measure its impact. The Council is doing more work within services to ensure they refine their improvement objectives to be more focused on outcomes for citizens and improve the supporting measures and performance information accordingly.
- 30 Our assessments of the individual improvement objectives are set out below.

Showing how people benefit from what the Council does

- 31 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 information on performance and is seeking to strengthen this. Performance scorecards for monitoring progress against individual service targets and the CIP are in place, together with regular performance challenge sessions involving the Cabinet Member for Performance, portfolio Cabinet Members and Directors. Dedicated performance scrutiny committees also take place bi-annually at each of the five scrutiny committees.
- 32 The Council is currently establishing a clear governance structure for managing its improvement objectives. The Council has identified individual owners for each improvement objective, normally a Head of Service. In addition, CMT members also act as improvement leads with responsibility to support and be accountable for delivery of improvement objectives. The Cabinet Member for Performance will hold regular update meetings with the champion and appropriate Cabinet Member every six months, and updates on performance will be considered both by Cabinet and CMT using Ffynnon.
- 33 We also asked if the Council knew how it would do the things it plans to and if it could afford to pay for these improvements. To support delivery of the improvement objectives the Council is coordinating delivery of these priorities through individual Service Improvement Plans (SIPs).

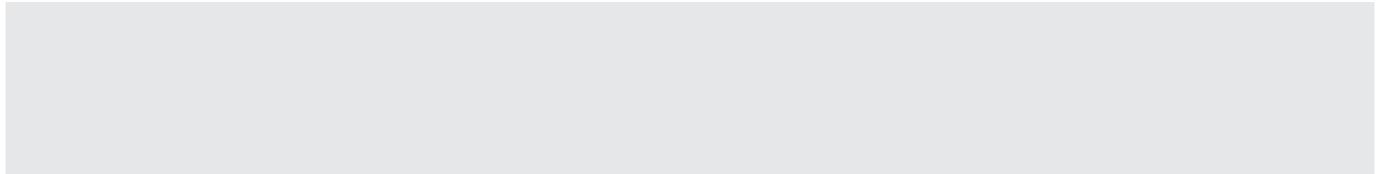
- 34 The Council has not yet identified the resources required to deliver the improvement objectives. Whilst it is putting in place a system to enable individual service areas to identify how they contribute to delivering and measuring improvement objectives, this is not yet in place. The Council is proposing to use the SIPs to identify resources required to deliver the improvement objectives and feed this into the MTFP.
- 35 This exercise could result in one of three outcomes - confirmation that there are adequate resources to deliver the improvement objective; a requirement to identify additional resources to support delivery; or a recommendation to 'drop' the improvement objective if it is now considered undeliverable. It is likely to impact upon the Council being able to make improvement on some of its objectives: for example, its objective to sustain the range of employment opportunities for residents includes many projects and programmes of work which require significant funding. At this time it is unclear, therefore, if all of the objectives will be delivered as the Council has not concluded its assessment of resource requirements.
- 36 We recognise that the decisions on resources were delayed this year to await the outcome of the Comprehensive Spending Review. If the Council is to deliver all its objectives, it needs to identify the resources required to support that delivery at the time it agrees them rather than later in the year.
- 37 It is important for the Council not only to have information on the right things but also that the information is accurate. The Council uses Ffynnon³ to provide a picture of service performance and in the last eight months has been using exceptions reporting to CMT to highlight declining or under target service performance against National Strategic Indicators (NSIs).
- 38 We found that the performance information collected did not always focus on outcomes and unit cost measures. However, some of the information is about how much the Council is doing rather than if it is making a difference to people and how much it costs. Consequently the Council is not always clear how much of an impact some of its services have had on individuals and communities, and cannot know whether or not it is delivering real value for money. The Council recognises that it needs to obtain more qualitative and outcome performance information to measure the impact its services have upon citizens as well as robust information on how much they cost.
- 39 We audited the Council's systems for managing and reporting its key performance indicators in 2010. We found that all the NSIs which every council is required to report performance against were substantially accurate, and only two indicators out of 38 needed to be corrected. This did not change the results of the performance measures.
- 40 We also recognise that these performance indicators may not always provide a full picture of current service performance or the pressures the Council faces. However, they remain one of the few comparative data sources available that allow the performance of councils to be compared.
- 41 We undertook a review of the Council's evidence submission to the Assembly Government to support achievement of its Improvement Agreement targets in relation to Assembly Government national priorities. We concluded that the Council had achieved the targets set in most areas although some of the 2009-10 targets had already been achieved in earlier years and were not updated to reflect this improvement. This suggests they may not have been sufficiently challenging.

³ Ffynnon is a nationally procured software solution to meet the performance management requirements of Welsh local authorities, fire and rescue services, national park authorities and their partners.

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- 42 We will review the Council's plans as they develop, we will comment on whether they will support its efforts to do better and we will also look at whether the Council has actually made the improvements for local people that it intends.

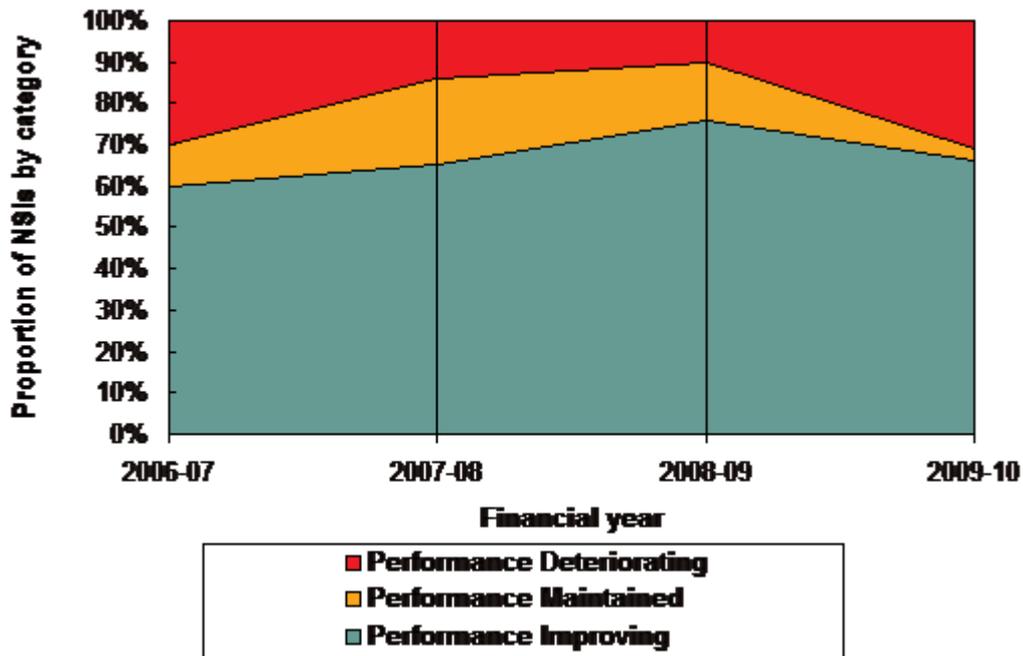
Is Caerphilly County Borough Council serving people well?

- 43 Through the Auditor General's Improvement Assessment we hope to gradually build a picture of how well the Council is serving local people. Each year we will examine the Council's services and some of their objectives for improvement as they relate to three important aspects of life in Caerphilly. We think that together, these aspects cover the main things that all councils do. They are:
- helping to support people in need;
 - helping people develop; and
 - helping to create a safe, prosperous and pleasant place to live.
- 44 In this year's assessment we have looked at how the Council is doing so far on its improvement objectives under these aspects. We recognise that this is a transition year as the Council and the Wales Audit Office implement in full the requirements of the Local Government Measure 2009.
- 45 This report does not aim to give a full picture of the Council's performance across the range of functions it undertakes and the services it provides. Instead it focuses on particular areas that the Council has said it wants to improve, how the Council intends to do it and how it will account for its performance.
- 46 There are 38 NSIs set by the Assembly Government covering a wide range of services. For those 30 performance measures which allow for a comparison of performance overtime there has seen a slight increase in both the number improving and also declining – [Exhibit 2](#).
- 47 Reductions in public funding mean that all councils will need to make explicit decisions about priorities. Going forward, we believe the Council needs to identify minimum service standards for all areas of service that clearly set out the minimum thresholds citizens can expect to receive in an era of reduced resources. This will allow the Council to assess its performance on non-priority areas to ensure that acceptable standards of service are maintained. This could result in performance in some service areas falling because they are not prioritised for investment. The Council needs to make clear where it anticipates this is likely to happen so citizens are aware of the impact on them.
- 48 The Council makes some use of information to compare its performance with other councils on an ongoing basis. For example, it compares itself to the Welsh average on each of the reported NSIs and sets targets for the future. However, in its CIP it has chosen not to rank its overall performance on any indicator against other councils or provide a direction of travel on individual indicators over a period of time. Whilst the Council uses comparative information internally it does not always make this or other information available to its citizens to enable them to judge for themselves how well it is serving them in comparison to other councils in Wales or overtime.



**Exhibit 2: Caerphilly County Borough Council's performance on NSIs
2006-07 to 2009-10**

The Council's performance has improved in recent years but fell back to 2006-07 standards in 2009-10.



Source: Caerphilly County Borough Council, Improvement Plan 2009-2012, October 2010

Is Caerphilly County Borough Council supporting people in need?

- 49 The role of the Care and Social Services Inspectorate in Wales (CSSIW) is to make professional assessments and judgments about social care, early years and social services and so encourage improvement by the service providers. It works on behalf of Welsh Ministers, but there are a number of safeguards in place to ensure its independence. Under new legislation there is a new framework in place for local authority social services inspection, evaluation and review. The framework seeks to address two key strategic questions:
- Are there effective arrangements in place to safeguard children and adults and to promote their welfare and development and their voice and their independence and social inclusion?
 - Can performance be sustained and improved?
- 50 Directors of social services are required to produce an annual self-assessment report on how well services are being delivered. The CSSIW will then undertake a review and analysis of evidence underpinning the report, including evidence from other regulators and inspectors. This analysis will result in an individual inspection and review plan for each council. The CSSIW's analysis, and the inspection and review plan, will be set out annually in a published letter.
- 51 2009-10 is the first full year of the new framework with the purpose being to establish a baseline of current performance. The key messages of the letter issued in December 2010 are summarised below.
- 52 Social Services has had effective leadership and strong management across the directorate through a time of change. There have been changes in the senior management team and experienced senior managers have come into post, including those in interim senior manager posts. The Council has retained the services of experienced service and team managers, who provide an accessible, listening and learning culture. It has set up a partnership with the Social Services Improvement Agency to address medium-term succession planning and development needs in response to an ageing workforce. The priority for the Council in the coming years is to secure and sustain best value services, including improving service partnership and cost-effective commissioning arrangements, in an increasingly challenging financial environment.
- 53 The Council works well in partnership with statutory and voluntary agencies. Social services, including adult and children's safeguarding agendas, are well represented in the key partnership plans and service boards. The Council has upheld good working partnerships with the Local Health Board during times of significant organisational change in health services, shown through an increasingly effective Children Safeguarding Board. Joint service provision, such as in mental health services, is a key element in delivering service improvement. Improving services for older people including those with mental health difficulties is a priority. It works with partners to plan and commission services that will improve outcomes for people in Caerphilly and achieve better value for money.
- 54 As part of this agenda, the Council has reviewed all business functions to ensure cost-effective commissioning arrangements. There is a range of commissioning strategies across social services, with well-established contract monitoring arrangements. The Council has well-developed financial managements in place. The social services directorate delivered a balanced budget for 2009-10.

- 55 Managers take responsibility for how resources are managed. Accountability is supported by dedicated finance managers, and monthly financial reports enable the Council to track key budget headings through the year and address any emerging cost pressures. This included delivering cost savings in line with other directorates within the Council. The MTFP set out by the Council has a savings and sustainability agenda for the coming five years. However, more work is needed so the Council can evidence the positive difference services have made to people's lives.
- 56 The Council provides a range of information in a variety of formats to help people access the services and support they need. It recognises the need to review and update its adult services information and improve information for young people. An established out of hours Emergency Duty Team (EDT) covers Caerphilly and its four neighbouring authorities, with 24-hour access to legal advice for childcare matters. These arrangements provide timely decision making and input in a way that helps improve outcomes for vulnerable people.
- 57 Performance management information is well established across social services and used effectively to identify and ameliorate any difficulties. Services have a mix of skilled and experienced staff alongside more newly qualified workers, and the Council has been successful in filling all children's services team managers' posts. There is, however, a need to secure permanent qualified staff in mental health services and in parts of children's services.
- 58 The Council supports workforce development across adult and children's services. With its partner agencies, it has prepared a Workforce Development Plan, implemented from March 2010 that sets out a strategic approach to securing a skilled social care workforce for the coming three years. The Council has taken a strategic approach to managing and reducing sickness absence, with managers receiving extra training and support from the corporate Human Resources department. Rates across the Council have reduced as a result. The Council has worked hard to embed the use of performance information at a team level to improve practice and ensure greater coherence between team, service and department business plans.
- 59 The Council has effective arrangements for managing enquiries from members of the public and partner agencies. Social Services has dedicated referral and access arrangements for both adults and children, including a Joint First Access team for people with mental health difficulties, and an emergency support helpline for foster carers to support them in their role. The jointly commissioned multi-agency centre One Stop Shop for parents and children who have experienced domestic abuse has led to better partnership working and improved outcomes.
- 60 There continues to be corporate support to social services and there is evidence from recent CSSIW inspections that demonstrates a corporate and whole council ownership of the social care agenda. There is cross party political support for social services, with senior members championing service improvement for children, their families and older people. Whilst scrutiny committee arrangements are well established, the Committee aims to strengthen its focus on service quality and better outcomes for service users.

Improvement objective – Improve how we engage with our citizens and listen to what our customers tell us about our services

- 61 This improvement objective is clearly linked to the Council's priority of Building Better Public Services and also fits with the Assembly Government's improvement guidance of service availability and innovation. The Council has set a series of individual actions for completion in 2010-11. These identify where there are weaknesses in current service provision and what needs to be improved, and broadly relate to three areas of work:
- improving and reducing complaints;
 - finding out what citizens want and delivering it; and
 - improving information flows and reducing cost.
- 62 We reviewed the actions proposed, and concluded that the Council is focused on making a number of changes that will benefit citizens. For example, the proposals to introduce the 'Tell Us Once' service, where Council staff take the lead on liaising with all Council services on behalf of the customer at first point of contact to update records and changes in circumstances, will enable customers to report information only once, not several times to several different services at different locations.
- 63 The Council has also set indicators to judge whether it has been successful in delivering this improvement objective, and included a baseline of evidence by which it will judge improvement. This relates to five broad areas: number and outcome of complaints to the Ombudsman; complaints managed by the Council; customer satisfaction with services; the viewpoint panel; and consultation activity undertaken.
- 64 Some of the supporting activity is focused on either developing or reviewing systems and processes. For example, reviewing how complaints are received and processed and developing and agreeing standards of citizen engagement and good practice guidance. Both of these look at developing internal systems which are necessary to support delivery of the improvement objective, although by themselves, they will have limited impact upon customers.
- 65 We also found that there is no baseline information included to be able to judge improvement in terms of reducing costs. The Council has highlighted reducing cost in its customer engagement activity as a key priority. It broadly knows the cost of individual face-to-face and telephone transactions but it has not set out what the global charge is, how much alternative options cost, what savings it will produce or what the impact on customers will be. We think the inclusion of this information is important and something the Council should address. We will look at how it has progressed this in the next year.
- 66 Although not part of the Councils improvement objective, one aspect of engagement is the provision of services in Welsh. The Welsh Language Board (WLB) works with local authorities to help them develop their statutory Welsh language schemes that outline the way in which they provide services to the public in Welsh. The primary responsibility for the range and standard of services rests with the authorities who provide them, working in accordance with the statutory framework and guidelines of the WLB. Every local authority is expected to provide the WLB with an Annual Monitoring Report that explains how its scheme has been implemented. This allows the WLB to offer advice as to how a council might improve its local arrangements.

The WLB also undertakes its own reviews to assess the provision of Welsh language services and to promote improvement.

67 The WLB praised the Council for its constructive work with the Children and Young People's Partnership. The Council's use of the Ffynnon system to record data related to the Welsh language was welcomed as a means to mainstream the language and to improve monitoring procedures. The WLB found that the Council's website and electoral documentation did not comply fully with the Welsh Language Scheme (WLS). The Council will now be expected to deliver an improvement plan to address these issues. Also, despite strengthening procedures for data capture, the Council needs to improve the accuracy and reliability of its performance data. The Council has displayed a proactive approach to finding solutions to long standing problems such as providing a Welsh language service in its customer first centres.

68 The percentage of people aged three and over who spoke Welsh in Caerphilly in 2008 was 21.1 per cent, which was one of the middle ranked local authorities. The percentage of Welsh speakers has fluctuated since 2001, and since 2001 has been below the Welsh average. In 2009-10 the percentage of pupils assessed in Welsh as a first language at the end of Key Stage (KS) 2 is 11.1 per cent, below the Welsh average of 19 per cent. At KS3, the Council reports that 9.2 per cent of pupils were assessed in Welsh; the average is 16 per cent.

Improvement objective – Agencies and partners work together to safeguard children and young people

69 The inquiry report following the death of Victoria Climbié in England included a recommendation that 'chief executives and lead members of local authorities with social services responsibilities must ensure that children's services are explicitly included in their authority's list of priorities and operational plans'. The focus on safeguarding children and young people is a priority in the Council's community strategy and the Children and Young People's Plan. It is also an appropriate improvement objective in the context of the CIP priority of Building Better Lifestyles.

70 For 2010-11 and 2011-12 the Council is proposing to focus its activity on delivering two specific initiatives under this improvement objective, namely:

- to develop and implement a Children's Services Family Support Strategy to provide a more holistic approach to support; and
- with the Children and Young People's Partnership, develop a 'Team Around the Child' (TAC) to support those with emerging needs.

71 By developing and implementing these two specific initiatives the Council is seeking to ensure it has good systems in place with its partners to identify children who may be vulnerable or at risk of harm, and is able to develop multi agency assessments and interventions to address their needs.

72 A range of specific actions and measures are set out below in relation to these two programmes of work. These include implementation of the Family Support Strategy, resource pooling between different organisations and establishing new ways of working between different agencies.

- 73 The Council has also included a range of indicators of success that will allow it to demonstrate improvements for local people. These include assessing the number of children in need, children on the child protection register and looked after children. It also includes the number of child protection re-referrals and the proportions of children in care 12 months after an intervention. We think these are good measures to judge whether young people at risk and in need in Caerphilly will be better off as a result of the work of the Council and its partners. Some of the other measures of success are focused on establishing systems to monitor participation and engagement by partners. Whilst these measures do not by themselves directly impact upon service users, they are important activities as they will provide an indication of how well the Council and its partners are working together.
- 74 The Council is also proposing to undertake consultation with service users on their experience and their views on how well their needs have been met, but has not set out how it intends to do this. In the next year we will look at how the Council is approaching this and will report back on its performance.
- 75 Recently the Council, along with nine partner councils in south east Wales, won a Welsh Local Government Association (WLGA) excellence award. The South East Wales Improvement Collaborative (SEWIC) Children's Commissioning Programme was established to improve outcomes for children and young people who are looked after, achieve better value for money, and increase placement choice for looked after children and young people. A Regional Commissioning Unit has been established and reports saving over £500,000 in costs avoided.
- 76 In September 2010 a follow-up inspection of Children's Social Services safeguarding services was undertaken. This followed consideration by both agencies of an Independent Management Review undertaken as part of a Serious Case Review. The inspection was part of an emerging fieldwork programme agreed between CSSIW and the local authority in response to the 2009-10 Annual Report of the Corporate Director of Social Services.
- 77 The CSSIW concluded that the Council has worked hard to deliver improvements in providing safe services for children in need and those who are at risk of harm. It has improving working arrangements with partner agencies to help deliver effective services, and there is clear evidence of increasing effectiveness of the Caerphilly Children Safeguarding Board in delivering coordination and improvement of safeguarding services. There is continued cross party political and corporate directorate support for the safeguarding agenda. There is effective leadership and management within children's services, with a clear lead provided by the Director of Social Services and the Assistant Director, Children's Services. Well developed recruitment and retention measures have helped in the development of a skilled, committed and increasingly experienced staff and management group.
- 78 The inspection identified areas where further improvement is needed and which the authority is aware of and actively addressing. The priority is for greater consistency of engagement with the Police in attending key child protection meetings through actions already put in place. The areas for continued attention, namely those of ensuring best practice for children moving into and/or out of the authority, and sustaining more effective joint working between children and adult services, need monitoring in the coming year. Progress on

delivering these improvements will be reviewed by the Director and his staff, and reported to the authority.

Improvement objective – Promote benefits of a healthy and active lifestyle

- 79 The Council acknowledges that the County Borough has some significant health challenges amongst its population to address. The 2008 Welsh Health Survey found that 62 per cent of the population is overweight or obese. This level is one of the highest in Wales and significantly higher than the Welsh average of 57 per cent. Caerphilly also has the highest rate of coronary heart disease (CHD) deaths under the age of 75 years and the third highest incidence of cancers in Wales. The estimated number of individuals referred for alcohol treatment for Caerphilly was higher in 2008-09 than the Wales average. Female life expectancy in Caerphilly for 2006-08 was 80.9 years, which is lower than the Welsh average of 81.4 years. Male life expectancy in Caerphilly for 2006-08 was 75.6 years. This is lower than the Welsh average of 77.0 years.
- 80 For 2010-11 the Council is proposing to deliver this improvement objective through increasing participation in leisure and sports activities and improving education and communication through the development of several programmes. These include, for example, delivering the Sport and Physical Activity Strategy – Climbing Higher; the Healthy Schools Programme; the Healthy Early Years Scheme; and the Referral to Exercise Programme. Through these programmes the Council wants to see an improvement in take-up of leisure activities and increased participation in all forms of physical activity. In the longer term it anticipates that the outcome of this activity will result in local people's health improving.

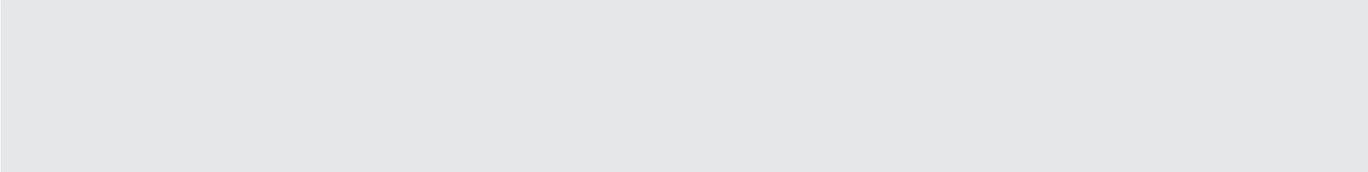
81 A baseline of performance measures has been set to judge how well the Council is doing in encouraging takeup on these schemes. Some of these already indicate high levels of participation. For example, 100 per cent of schools are already engaged in the Healthy Schools programme. We also found that no targets have been set or any baseline indicators so it is not clear how the Council proposes to judge the success of its programmes. In addition, the Council elected not to include other appropriate areas of health improvement, tackling alcohol misuse for example, which are being worked on with partners in other strategies, such as the Health and Social Care and Well Being Partnership.

82 Whilst we recognise that improvements in health indicators such as obesity and CHD cannot always be measured quickly, we believe that the Council should have included the range of measures and current information for all indicators it intends to use to demonstrate a beneficial health impact in the future. This would allow citizens to understand both what longer-term benefits the Council is seeking to achieve, and what its starting point is on all measures. It would also enable local people to be aware of the impact of the Council's work in the future, and consequently be able to hold it accountable.

Improvement objective – Adults who are in the social care system are able to lead a full, active and independent life

83 Supporting adults who receive social care services to live full, active and independent lives is an appropriate improvement objective for the Council. It is clearly linked to the themes of the Council's community strategy of Building Better Lifestyles and its Health, Social Care and Well-Being Strategy.

- 84 Whilst the improvement objective has a very broad focus, for 2010-11 the Council is proposing to specifically look at improving the timeliness and quality of clients' needs assessments under its care planning system. Our review of information shows that whilst the Council has seen a decline in some aspects of its performance in the last 12 months, it remains one of the better performing councils in Wales on some measures of speed of response and care plan reviews. For example:
- In 2008-09 the average number of working days between initial enquiry and completion of the care plan, including specialist assessments, was 16.7 days. This placed the Council as the best performer of the 22 Welsh councils. In 2009-10 performance has declined to 25 days but, given that the Welsh average is 38 days, the Council was still ranked as the fourth best performing council.
 - With regard to the average number of working days between initial enquiry and completion of the care plan, excluding specialist assessments, the Council's average for 2008-09 was 16.31 days. This was better than the Welsh average of 19.72 days. In 2009-10 the Council average declined to 23 days, poorer than the Welsh average of 17 days and placed the Council as the thirteenth best performing authority.
 - The percentage of clients whose care plans should have been and were reviewed during the year improved from 63.11 per cent in 2008-09 to 89.9 per cent in 2009-10.
 - The number of people awaiting assessment fell from 338 in 2008-09 to 227 in 2009-10. In addition, both the proportion of Continuing Health Care assessments and mental health assessments processed on time improved in this period.
- 85 Even with relatively good comparative performance on these indicators, it is important to make the correct assessment to ensure people get the right care service as quickly as possible to meet their specific needs and minimise risk. The Council has consequently set itself a range of improvement actions to deliver in 2010-11, focused on improving management systems and processes that ensure that people get the right care quickly.
- 86 The Council has also included a range of baseline measures which can be used to judge improvement over time. We found that these only related to the speed of response and numbers on the waiting list. Whilst this is important information to judge how quickly the Council is responding to meet a customer's need, it would have been better if the Council had also included measures that looked at the impact of its work and how it had benefited vulnerable adults to lead full, active and independent lives. For example, reductions in delayed transfers of care and a reduction in admissions to residential/nursing homes and emergency admissions to hospital. In its CIP the Council makes reference to the importance of its work in supporting independence, but it does not clearly identify what the impact of improved assessment will be. We think the inclusion of this information is important as it will allow both the Council and service users to judge whether there have been improvements.
- 87 The Wales Audit Office is co-ordinating assessment work at councils with our work in health. We are looking at how well the Council works with the Aneurin Bevan Health Board (ABHB), which has responsibility for health services across an area covering Caerphilly and neighbouring councils. The councils, Health Board and other local partners work together to co-ordinate the planning and delivery of health and



social care services for vulnerable people. ABHB is a fairly new body which replaced the previous five smaller Local Health Boards and a Trust. Relationships between the Health Board and the five councils it covers are evolving as new structures and posts within ABHB bed-in and arrangements for joint working continue to develop. Our work is ongoing and will be reported in 2011.

Is Caerphilly County Borough Council helping people to develop?

Improvement objective – Improve the skills level for children and young people

- 88 Educational attainment remains a key priority for the Council, as highlighted in the community strategy theme of Building Futures, Changing Lives, and in the Children and Young People's Plan. In its improvement objective the Council also recognises the importance of ensuring young people who achieve a good level of education and relevant skills have better life chances with opportunities to secure better jobs, which can also positively impact on a better quality of life. This is especially important in the current recession with many people out of work and the difficulties young people face securing employment.
- 89 Our review of information shows a mixed picture of how well the Council's services are performing at present and equipping young people to improve their skills and knowledge:
- Core Subject Indicator (CSI) attainment at KS2 is the percentage of all KS2 pupils (year group 6) who achieve the expected level in English or Welsh first language, mathematics and science in combination, and is sourced from the National Curriculum Teacher Assessment results submitted to the Assembly Government by schools. The percentage of pupils achieving the CSI at KS2 has risen since 1999 and in 2009-10 was 75.7 per cent. This is below the Welsh average of 77.3 per cent and ranked the Council sixteenth out of 22. In terms of meeting the expected benchmark comparison for Level 2 teacher assessment Caerphilly was one of 11 authorities that exceeded this.
 - With regard to performance at KS3 there has been a gradual improvement in recent years rising from 49.85 per cent in 2007-08 to 56 per cent in 2009-10. This remains below the Welsh average and ranked the Council nineteenth out of the 22 Welsh authorities. In terms of meeting the expected benchmark comparison for end of KS3 teacher assessment Caerphilly was one of nine authorities that failed to reach this.
 - The percentage of working age adults with no qualifications in Caerphilly was 21.9 per cent in 2008. This is above the Wales average of 14.6 per cent and the highest percentage in Wales. The percentage of working age adults with qualifications at NQF level 4+ in 2008 was 18.8 per cent. This is the second lowest performance in Wales.
 - The Council recorded the second highest number of permanent exclusions from primary schools and the seventh highest figure for secondary schools in 2009-10. It also recorded the highest average number of school days that permanently excluded pupils did not receive an offer of full-time appropriate education provision during 2009-10.
 - Caerphilly has seen a reduction in the number of young people not in education, employment or training (NEETs) falling from 8.1 per cent in 2004 to five per cent in 2009.
- 90 We recognise that solely referring to national performance indicators may not always provide a rounded picture of current service provision or the pressures the Council faces, and have consequently looked in detail at its proposals for action. In 2010-11 the Council is focusing activity on increasing the choice of subjects and courses provided by schools, personalising and supporting learning, and helping with practical aspects such as travel. A series of specific actions have been identified in the CIP to deliver these changes including producing a Skills Strategy covering 14 to 19 year olds for schools to take forward, extending subject choice from September 2010 by supporting

students to attend courses at other schools, and increasing the number of Learning Coaches from 25 to 50 which will provide improved one-to-one assistance for those students who need it. We think the ranges of actions are appropriate as they focus on improving skills and finding ways of engaging with young people to improve their educational attainment.

- 91 The Council is also clear about what it wants to see improve, both in the short-term and the long term, and has set a good range of measures to judge success in delivering the improvement objective. It has also included a baseline of its current performance and targets for the future. This will enable the Council to demonstrate in the future how well it is doing and whether the intended benefits it is seeking have been achieved. It will also allow local people to judge whether they think things have improved.
- 92 We think the measures that the Council intends to report include the things that matter and will make a difference for young people in Caerphilly. For example, reducing the number of NEETs, reducing the number of young adults who leave school without a qualification, and improving educational attainment and qualifications for 14-19 year olds. It has not, however, set out what levels of improvement it is seeking to achieve for all its indicators, and this is an area for development going forward. In addition there are no actions (or measures) included on reducing the number of pupils permanently excluded from primary and secondary schools. We would have expected to see this included given that Caerphilly has recorded some of the poorest performance comparatively in Wales. When we report next year we also hope to be able to comment in more detail on how the Council is helping children and young people develop skills.
- 93 Estyn, Her Majesty's Inspectorate of Education and Training in Wales, inspects how well councils are helping children and young people develop their skills. Estyn has a regular programme of inspections of pre-school services such as nurseries, schools, colleges and youth services. We work with Estyn to assess how well the Council supports all these services to help children and young people develop.
- 94 An inspection by Estyn on the quality and standard of provision for 14-19 year olds in Caerphilly was undertaken early in 2009. Inspectors identified much that is good about provision of education and training for 14-19 year olds in the area and found that:
- at KS4, the performance of learners in Caerphilly has improved, but it is still one of the lowest performing authorities in Wales;
 - at post-16, learners in schools and colleges who take A-levels perform well; and
 - in work-based learning, the attainment of learners is generally good and the majority of learners progress to higher level programmes.
- 95 To improve standards and the quality of education Estyn made a number of recommendations which the Council is addressing. Estyn will assess how well it is doing this in the future.

Is Caerphilly County Borough Council helping to create a safe, prosperous, and pleasant place to live?

- 96 At the end of December 2009 it was estimated that there were 70,400 Caerphilly residents in employment. Of these, 51,000 were believed to be employed in the private sector and 18,600 in the public sector. Caerphilly has the sixth highest number of residents working in public sector services in Wales.
- 97 In 2009 the average weekly earnings in Caerphilly stood at £500. This was the eleventh highest amongst the 22 Welsh local authorities. Between 1999 and 2009 earnings in Caerphilly moved from equalling the Welsh average to falling below the Welsh average. Gross disposable household income (GDHI) measures the level of disposable income available to households. In 2007 GDHI per head in Caerphilly stood at £11,677 and was the joint lowest amongst the 22 Welsh local authorities. Between 1999 and 2007 GDHI per head in Caerphilly has been below the Welsh average, with the gap widening slightly over this period.
- Improvement objective – Sustain the range of employment opportunities for residents**
- 98 Increasing employment is an appropriate and important activity for the Council to focus on in the current economic climate. During the recession Caerphilly's unemployment figures have risen significantly. At August 2010 it had the third highest absolute number of claimants, recording 5,247 residents as claiming Job Seekers Allowance. Proportionally this accounted for 4.8 per cent of the population aged 16-64, which was the fourth highest figure for Welsh councils. Unemployment in Caerphilly is above the Welsh and UK averages.
- 99 For 2010-11 the Council has set a series of actions under two broad programmes of work:
- supporting businesses particularly small and medium sized business; and
 - helping to increase employment opportunities by working in partnership through programmes that help provide adults and young people with the necessary skills and education to obtain employment.
- 100 The CIP sets out detailed proposals on how the Council intends to deliver improvements in employment opportunities for citizens. These include continuing to deliver programmes, such as Bridges into Work, as well as proposals to develop new schemes targeted on specific difficult employment group such as lone parents and over 50s. The Council is also looking at using information and marketing more effectively to support its decision making and to encourage new employment opportunities, as well as improving its internal systems and processes. Overall we think the broad range of activity proposed by the Council will support it to deliver its improvement objective.
- 101 The improvement objective includes some good baseline information and proposed measures of success, which will allow the Council and local people to judge how well it is doing. For instance, the number of jobs created in the county borough, the number of business start-ups supported, meeting job creation targets under the Future Jobs Fund, and a reduction in benefit claimants. Performance on a range of indicators is included but no targets outlining what the Council expects to achieve have been set for any of these.

102 We think there are some risks to the Council being able to deliver some of the employment initiatives. The Council has made clear that to create new jobs and sustain existing ones requires investment. However, because many of the employment projects are dependent upon continued funding being made available from the European Union, UK Government and the Assembly Government, it is unclear if all of these proposals are deliverable. The Council has acknowledged that it does not know at this time if it has the resources available to deliver all its projects and is anticipating having to make reductions in both revenue and capital expenditure going forward. It has also been clear that the outcome of these considerations will not be agreed until February 2011 and may require some improvement objectives to be dropped.

Improvement objective – Reducing our carbon footprint and improving our sustainability

103 Sustainability is seen as important in Caerphilly and is a key priority for the Council as set out in the community strategy. The Council has a long commitment to sustainability and approved its first sustainable development policy in 1997. It has successively built on this foundation, culminating in the publication of its 2008 sustainable development strategy, Living Better, Using Less. In 2010-11 the Council is proposing to focus its activity on objective three of Living Better, Using Less which looks at reducing resource consumption, and specifically reducing its carbon footprint.

104 The Council is doing well in comparison to all other councils in Wales on its carbon reduction performance. Caerphilly was the best performing of the 22 Welsh councils on its percentage reduction in carbon dioxide emissions in non-domestic public buildings in 2009-10, recording a score of 33.33 per cent. This was 15 times greater than the Welsh average of 2.2 per cent. It also recorded the lowest per capita CO₂ emissions in 2007 for all Welsh councils⁴.

105 Specific actions have been identified for delivery in 2010-11. We think some of these are good ideas and will make an impact on reducing the county boroughs carbon footprint. For example, securing funding under the *Arbed*⁵ programme to install hot water solar panels and Solar Photovoltaic Panels in houses, and reducing energy consumption in Council buildings by 4.5 per cent annually.

106 We also think that some of the proposals are focused on process issues and it is not always obvious what benefits will result because it is difficult to measure the outcome and impact of these actions; for instance, supporting services to ensure that they are considering energy efficiency, waste minimisation, sustainable transport and resource efficiency issues. We think that, going forward, the Council needs to be clearer on how it will demonstrate the outcome and impact in delivering all its actions.

⁴ Data produced by the Department of Energy and Climate Change.

⁵ The Arbed programme was established in 2009 and is seeking to invest £30 million to make social housing in deprived areas of Wales more energy efficient by retro-fitting homes with innovative measures including solid wall insulation and renewable technologies such as solar panels and heat pumps.

107 The Council has established a range of measures to be able to judge how well it is doing. We think some of these are good and will allow the Council to show whether it has made a difference in delivering the improvement objective. The inclusion of performance measures that look at positive changes to energy consumption levels, increasing SAP⁶ ratings on properties, and increased recycling are the right things to measure. Whilst some of the other proposals will not allow the Council to clearly judge whether there has been an improvement, for example educating council staff and residents on sustainability matters, we think that overall the Council has included the right things to judge its performance against.

Improvement objective – Making Caerphilly a safer place to live and work

108 Keeping the citizens of Caerphilly safe is important to the Council, and its partners, as it directly responds to the results of consultation and survey activity undertaken in recent years with local people. It also reflects the priorities of the Community Strategy theme of Building Better Lifestyles and the work of the community safety partnership.

109 The Council works closely with Gwent Police and other services to try to find out how safe its communities are, and to make them safer. The Council also works closely with other organisations such as the Crown Prosecution Service, Youth Offending Service and Gwent Association of Voluntary Organisations (GAVO) to understand issues that cause problems in local areas and to build stronger communities. Some of this information is based on statistics about the number of crimes and complaints reported to the Police and to the Council. Some of it is about how safe

people feel. Some of the issues that make it difficult for people to enjoy living in a community are very complicated and difficult to measure.

110 A review of the most recent crime data shows that Caerphilly's crime rate is 74.38 per 1,000 population. The highest proportions of these crimes are criminal damage (27 per cent) and violence against the person (21 per cent). Caerphilly has a crime rate close to the average for Wales. It is three-quarters of the figure of seven years ago, but the figure for 2008-09 is higher than for 2007-08. Caerphilly was ranked the fourth highest council area for violent crime with injury in 2008-09 and well above the Welsh average. Confidence that police and local authorities are dealing with local concerns is similar to other police force areas in Wales. The Home Office targets for Gwent are 52 per cent by March 2011 and 57 per cent by March 2012. Gwent has recorded an increase in confidence from less than 40 per cent in 2008 to approximately 45 per cent in 2009. In 2009-10, the Council received 6,772 service requests about anti-social behaviour issues ranging from low-level nuisance problems such as fly tipping, to serious cases of violence.

111 For 2010-11 the Council and its partners have agreed a range of actions to deliver this improvement objective. We reviewed these proposals and think the Council is focusing on making improvements in important areas. For example, it is developing a network of community volunteers such as Neighbourhood Watch committees to address environmental nuisance issues, and using its Community Safety Wardens on proactive patrols and in response to priorities identified by communities. We think these are good initiatives that will allow the Council and partners to focus on dealing with anti-social behaviour which will deliver benefits for citizens of Caerphilly.

⁶ The Government's recommended system for energy rating of dwellings. The Standard Assessment Procedure is used for calculating the SAP rating, on a scale from 1 to 120, based on the annual energy costs for space and water heating.

112 Some of the other areas for action are looking at improving partnership processes, for example, reviewing the PACT (promoting and improving partnerships and communities together) and including information within Gwent Police community newsletters.

improvement, particularly in relation to assessing offenders' needs and planning how to respond to them. The service is required to produce a plan of action.

113 We also looked at how the Council proposes to measure the impact of its work and what information it will rely on to judge how successful it has been. We identified some good proposals such as carrying out surveys to ascertain how safe local people feel and assessing levels of public confidence. In addition we think it is good that the Council has clearly set out the current levels of performance by reporting how the partners are doing at present.

114 Her Majesty's Inspectors of Probation undertake inspections of work with young offenders. In September 2010 they published a report on youth offending work in the area covered by Blaenau Gwent and Caerphilly County Borough Councils. The inspection team examined the quality of work done to safeguard the child or young person, protect the public by minimising the risk of harm to others, and reduce the likelihood of reoffending. In each of these areas the team make assessments that minimum, moderate, substantial or drastic improvement is required in the immediate future. In relation to safeguarding and risk of harm, the team concluded that substantial improvement is required and, in relation to reoffending, that moderate improvement was required. Overall, the team concluded that the service in Blaenau Gwent and Caerphilly has committed staff who are able to engage with young people and their families, and also good support for case managers by partner agencies. But more work is needed to ensure plans and assessments are timely and of good quality. The team made recommendations for

What should Caerphilly County Borough Council do?

115 Given the wide range of services provided and the challenges facing the Council it would be unusual if we did not find things that can be improved. The Auditor General is able to:

- recommend to Ministers of the Assembly Government that they intervene in some way;
- conduct a special inspection and publish the report with detailed recommendations;

- make formal recommendations for improvement – if a formal recommendation is made the Council must respond to that recommendation publicly within 30 days; and
- make proposals for improvement – if we make proposals to the Council, we would expect them to do something about them and we will follow up what happens.

116 We are making several proposals for improvement and we think the Council needs to consider our proposals to help it improve:

Proposals we made in our earlier work

- finalise and publish improvement objectives, currently in draft, and update the CIP to clearly set the Council's vision and priorities for the future;
- improve systems to support delivery of corporate priorities by:
 - making certain that Service Improvement Plans focus on delivering the Council's corporate improvement priorities; and
 - ensuring SMART targets are set that are focused on delivering corporate plan priorities.
- improve the management of performance by:
 - establishing a comprehensive range of indicators to measure improvement that are clearly focused on operational service management;
 - evaluating performance to identify areas and opportunities for improvement; and
 - ensuring managers are equipped with the necessary skills to be able to hold their staff to account and address areas of poor performance effectively.

Proposals we made in our earlier work (cont.)

- ensure plans and services are aligned to support the improvement programme by:
 - agreeing the options and develop detailed plans to address the predicted budget deficit;
 - undertaking a cross county workforce planning exercise to agree future staffing needs, including collaboration with other public sector agencies;
 - improving how the Council monitors and evaluates the effectiveness of partnerships to ensure they are contributing to delivery of corporate priorities;
 - strengthening its risk management arrangements in light of emerging challenges;
 - developing and adopting an asset management strategy to meet the Council's future needs;
 - improving the consistency with which plans reflect how the Council engages and responds to the needs of its communities and citizens;
 - completing its review of HR policies and procedures and determine how these will be embedded across the organisation; and
 - creating robust HR management systems to support the cultural change taking place within the Council.

Proposals we made in our earlier work (cont.)

- train and support the Audit Committee to ensure the Council is discharging its statutory responsibility to have arrangements in place to secure continuous improvement in its functions.

New proposals

The Council should

- publish its improvement objectives according to the Assembly Government's requirements;
- consult with its full range of stakeholders on the improvement objectives and provide citizens with appropriate opportunities to influence and shape priorities for improvement in the future;
- set appropriate measures to judge delivery of the improvement objectives that focus on how the Council performs now, what its targets are, how it compares with others, the cost of delivery and how it will show whether the people of Caerphilly are better off as a result;
- establish minimum service delivery standards for all service areas;
- set clear priorities for action in the context of reduced resources; and
- ensure the outcome of the medium-term financial planning work identifies and agrees the resources required and that they are available to deliver the improvement objectives.

Appendix 1

About the Auditor General for Wales and this report

The Auditor General

The Auditor General is independent of government and is appointed by Her Majesty the Queen. He leads the Wales Audit Office and is held accountable by the Public Accounts Committee of the National Assembly for the Wales Audit Office's work.

The Wales Audit Office helps the Auditor General by examining various aspects of how Welsh public bodies work. It was created in 2005 when the National Audit Office in Wales and the Audit Commission in Wales merged.

The Auditor General is the external auditor of the Assembly Government and its sponsored and related public bodies; the National Assembly for Wales Commission and National Health Service (NHS) bodies in Wales. He also appoints the external auditors of Welsh local government bodies, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils.

As well as carrying out financial audit, the Auditor General's role is to examine how public bodies manage and spend public money, including achieving value in the delivery of public services. The law which created the Wales Audit Office also expanded the powers of the Auditor General to follow the 'public pound' wherever it goes.

This report

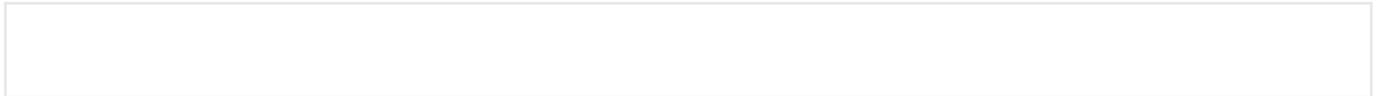
The Local Government Measure (Wales) Measure 2009 (the Measure) introduced new responsibilities for the Auditor General, including a responsibility to publish his assessment of each council/authority's arrangements to secure continuous improvement.

This report has been produced by the Auditor General for Wales to discharge his duties under section 24 of the Measure. The report also discharges duties under section 19, namely; to issue a report certifying that he has carried out an audit under section 17 and an improvement assessment under section 18.

Improvement authorities are under a general duty to 'make arrangements to secure continuous improvement in the exercise of [their] functions'. Improvement authorities are defined as local authorities, national parks, and fire and rescue authorities.

The main piece of work for the Wales Audit Office, to enable the Auditor General to fulfil his duties, is an annual Improvement Assessment.⁷

⁷ This assessment will be conducted for each improvement authority, under section 18 of the Measure. For each authority, it will determine whether the authority is likely to comply with the requirements of Part 1 of the Measure. The WAO will also undertake improvement information and planning audit, as required under section 17 of the Measure, in order to ascertain whether the authority has discharged its duties under section 15(1) to (7).



This will be informed by a:

- Corporate Assessment – a forward-looking assessment of an authority's likelihood to comply with its duty to make arrangements to secure continuous improvement; and
- Performance Assessment – a retrospective assessment of whether an authority has achieved its planned improvements in order to inform a view as to the authority's track record of improvement.

The output(s) from these assessments will be issued by the Auditor General as Audit and Assessment Report(s), under section 19 of the Measure. In publishing this report under section 19, the Auditor General for Wales is certifying that we have undertaken a section 17 audit and a section 18 improvement assessment.

The Auditor General may also in some circumstances carry out Special Inspections (under section 21), in respect of which he will provide a report to the relevant authorities and Ministers, and which he may publish (under section 22).

The Auditor General will summarise Audit and Assessment Reports in this published Annual Improvement Report (under section 24). This will also summarise any reports of Special Inspections.

An important ancillary activity for the Wales Audit Office is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General will also take account of information shared by relevant regulators (under section 33) in his assessments and this report will summarise any work undertaken by them.

The Auditor General sets out the fee for his performance audit work undertaken to discharge his duties under the Measure at each local authority in a Regulatory Programme agreed each year with the authority. The fee for November 2009 until March 2011 is currently expected to be in line with that set out in the Regulatory Programme.

Appendix 2

Useful information about Caerphilly and Caerphilly County Borough Council

The Assembly Member for Caerphilly is Jeff Cuthbert, Labour Party. Some citizens also fall within the constituencies of Irene James, Islwyn, Labour Party and Huw Lewis, Merthyr Tydfil and Rhymney, Labour Party.

The South Wales East Regional Assembly Members are:

- Mohammad Asghar, Welsh Conservative Party
- Jocelyn Davies, Plaid Cymru
- Veronica German, Welsh Liberal Democrats
- William Graham, Welsh Conservative Party

The Members of Parliament for Caerphilly are:

- Wayne David, Caerphilly
- Dai Havard, Merthyr Tydfil and Rhymney
- Christopher Evans, Islwyn. All represent the Labour Party

There are 73 Councillors for Caerphilly who represent the community and make decisions about priorities and use of resources. The Council is made up of Members from the following political groups:

- 32 Plaid Cymru
- 32 Labour
- 9 Independent

In 2008-2009 the Council's gross revenue spend was £393 million, equating to £2,282 per resident. In that year the Council also spent £54 million on capital items. The average band D council tax in 2009-10 for Caerphilly was £1,056.52 per year. This will increase by 3.03 per cent to £1,088.56 per year for 2010-11. 89 per cent of Caerphilly's housing are in council tax bands A to D.



Corporate Management Team

Caerphilly's Chief Executive is Anthony O'Sullivan. The Chief Executive is the Head of Paid Service and Principal Policy Adviser to the Council.

The Corporate Management Team consists of:

- Nigel Barnett, Deputy Chief Executive
- Albert Heaney, Director of Social Services
- Sandra Aspinall, Director of Education

The Council is required by the Assembly Government to make plans to improve its functions and the services it provides. Each year it must publish these plans along with specific improvement objectives that set out the key things that the Council intends to do to improve. The Council must do this as soon as possible after 1 April each year.

For more information see the Council's own website at www.caerphilly.gov.uk or contact the Council at Penallta House, Tredomen Park, Ystrad Mynach, Hengoed, CF82 7PG.

Appendix 3

The Auditor General's Corporate Assessment

The main conclusions of the Auditor General's Corporate Assessment which was issued to the Council in June 2010 are set out below:

Caerphilly County Borough Council (the Council) is building upon generally sound arrangements and recognises the need to strengthen its plans and performance in some key areas to meet the challenge of achieving future improvements.

How the Council has approached improvement over time

The Council's arrangements have resulted in improvements in the past but it faces significant risks and challenges going forward.

The Council has secured some improvements in the past.

The Council is aware of future financial challenges and has recognised the need to improve its arrangements to respond to them.

The Council needs to sharpen its focus on its key priorities and services in the context of developing its medium term financial plan and ensure that its strategies and arrangements are aligned to help deliver these.

Analysis of the Council's arrangements to help it improve

Some of the Council's arrangements are supporting improvement but there is scope to further develop others to achieve the scale and pace of change required.

The Council demonstrates aspects of good leadership, partnership working and budget management but the challenges ahead require further improvements, particularly in some areas of governance, citizen engagement, planning and performance management.

The Council faces significant workforce planning issues.

For the full report see our website at www.wao.gov.uk or contact us at the address on the inside cover of this report.

Appendix 4

The Appointed Auditor's Annual Audit Letter to the Members of Caerphilly County Borough Council

Caerphilly County Borough Council complied with financial and performance improvement reporting requirements but is facing significant financial pressures in the near future

- 1 It is the Council's responsibility to:
 - put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
 - maintain proper accounting records;
 - prepare a statement of accounts in accordance with relevant requirements;
 - establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources; and
 - publish its Improvement Plan by 31 October.
- 2 The Code of Audit Practice issued by the Auditor General (the Code) requires me to:
 - provide an audit opinion on the accounting statements;
 - review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources;
 - consider whether the Improvement Plan is prepared and published in accordance with statutory requirements; and
 - issue a certificate confirming that I have completed the audit of the accounts.
- 3 On 29 September 2010 I issued an unqualified audit opinion on the accounting statements, confirming that they present a true and fair view of the Council's financial transactions. My report is contained within the Statement of Accounts.
- 4 The draft accounts were submitted to us on time and were of good quality. The following issues were identified during the accounts audit:
 - During the audit, a material error was noted in the financial statements. This arose due to the failure to identify an error in the process for valuing council house dwellings. Following my audit work, I recommended that the Council should have procedures in place to review information for reasonableness prior to inclusion in the financial statements.
 - The prior year figures were restated to reclassify a material amount relating to revaluations of fixed assets in 2008-09.
 - Revised accounting requirements for PFI were correctly implemented and progress is being made in preparation for implementing IFRS in 2010-11.
 - The Whole of Government Accounts return was prepared effectively and in accordance with the Assembly's timetable.



- 5 My review of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed as part of the LG Measure. The main findings from this latter work will be set out in the Annual Improvement Report. In addition, I also bring the following issue to your attention:
 - Effective budgetary control arrangements are in place and the Council is in the process of developing a revised medium-term financial plan, after receiving the Provisional settlement for Local Government from the Assembly Government. The Council faces significant financial pressures in the future but has evidenced to date a good track record in achieving savings and delivering a balanced budget. This is referred to further in the Annual Improvement Report.
- 6 The Council's Improvement Plan 2010-11 meets statutory requirements and provides a balanced view of its performance in 2009-10. However, whilst there is reference to the corporate assessment undertaken by the Wales Audit Office and an explanation of the Local Government Measure, there is no information about the findings of the corporate assessment or inspection work undertaken by Estyn or the Care and Social Services Inspectorate Wales (CSSIW).
- 7 I have not been able to complete the audit because there are outstanding questions/objections raised by electors.
- 8 The financial audit fee for 2009-10 is currently expected to be in line with that set out in the Financial Audit Strategy.

Lynn Hine (PricewaterhouseCoopers LLP) for and on behalf of:

Anthony Barrett
Appointed Auditor
November 2010

Appendix 5

Caerphilly County Borough Council's improvement objectives

The Council published its improvement objectives in its Community Plan which can be found on the Council website at www.caerphilly.gov.uk. They are:

- improve how we engage with our citizens and listen to what our customers tell us about our services;
- making Caerphilly a safer place to live and work;
- sustain the range of employment opportunities for residents;
- improve the skills level for children and young people;
- promote benefits of a healthy and active lifestyle;
- adults who are in the social care system are able to lead a full, active and independent life;
- agencies and partners work together to safeguard children and young people; and
- reducing our carbon footprint and improving our sustainability.

Appendix 6

References

All the data referred to within the report is drawn from one of the following sources:

- Welsh Assembly Government, StatsWales
- Welsh Assembly Government, local area summary statistics
- Improvement authority's own websites and improvement plans
- The Wales Yearbook
- The Home Office
- Members' Research Service
- Office for National Statistics