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Date 13 September 2013  
Our reference 467A2013  
Pages 1 of 14

Dear Richard

## Improvement Assessment

I am required, under the Local Government (Wales) Measure 2009 (the Measure) to report my audit and assessment work in relation to whether Isle of Anglesey County Council (the Council) has discharged its duties and met the requirements of the Measure.

This letter summarises:

- my views on whether the Council has discharged its statutory duties in respect of improvement planning;
- my views on the Council's compliance with requirements to make arrangements to secure continuous improvement, based on work carried out to date by the Wales Audit Office and relevant regulators, including:
  - the Council's progress on areas for improvement and recommendations identified in my previous assessments;
  - any relevant issues that may have emerged since my last report, including comments on how the Council is addressing financial challenges; and
  - a brief summary of any reports of relevant regulators issued since my last report.
- my further proposals for improvement and/or recommendations; and
- updates to the Wales Audit Office work plan and timetable for delivering my Improvement Assessment work.

I shall update my views during the year and will provide a further letter by the end of November 2013.

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

The Council has decided to delay publication of this year's Improvement Plan until October 2013. This delay is to give the newly elected members sufficient time to review the Council's current Improvement Objectives and align these with the improvement programme and Medium Term Financial Plan. Additionally, there is a well-publicised six-week public consultation, entitled *Making a difference*, which began in August and will feed into the Improvement Plan. I believe that the Council's approach is reasonable and practical and will provide the Council with the necessary time to engage with, and take ownership of, the Improvement Plan and the new 2013-17 Council Corporate Plan. I will report the results of my audit of the Improvement Plan by the end of November 2013.

**Based on, and limited to, work carried out to date by the Wales Audit Office and relevant regulators, I believe that the Council is likely to comply with the requirement to make arrangements to secure continuous improvement during this financial year**

I have reached this conclusion because:

- the Council is now better placed to deliver longer-term sustainable improvements and the progress it has already made has resulted in Welsh Government intervention ending in May 2013;
- the Council's ambitious improvement programme is supported by an appropriate programme management framework and reflects consultation with the citizens of Anglesey;
- despite significant and continuing challenges, the Council is managing its financial position robustly and responsibly;
- there has been improvement in a number of key services, but there are weaknesses in some areas that the Council still needs to tackle;
- the Council has improved its processes for developing its Annual Governance Statement but recognises that there is more to do;
- the Council engaged well with other councils in North Wales and with the Wales Audit Office during our recent Improvement Study on the effectiveness of scrutiny; and
- there has been steady progress in implementing most of the proposals for improvement identified in my previous assessments.

## **The Council is now better placed to deliver longer-term sustainable improvements and the progress it has already made has resulted in Welsh Government intervention ending in May 2013**

As I reported in my Annual Improvement Report in March 2013, Welsh Government intervention was scaled back in October 2012, with decision-making powers being returned to the Leader and his Executive Committee. However, in order to safeguard the improvements the Council had achieved, the then Minister for Social Justice and Local Government directed that three of the five Commissioners should be retained until 31 May 2013. The remaining Commissioners would monitor and report progress to Ministers and offer ongoing guidance, mentoring and support to the Council and officers. Commissioners also retained the power to confirm or override any Council decision which went against the advice of statutory officers. This period was known as the 'improvement and sustainability' phase of the intervention.

With the support of the Commissioners and an external consultancy, the Council developed and adopted a Transformational Plan (the Plan) as the basis of its strategic development and improvement over the next three years. The Plan brings together the Council's priorities for improvement and incorporates the Commissioners' 10 corporate governance themes under a programme management framework, which I will refer to later in this letter.

During the 'improvement and sustainability' phase of intervention, the Council made further progress. In particular:

- the Executive resumed democratic control of the Council in a mature and considered way while continuing to work with the Commissioners and others in their desire to secure long-term improvement;
- the Council made good progress in establishing transformational change plans and in the robustness of the arrangements which are in place to deliver them;
- the Council agreed a challenging budget for 2013-14 and strengthened its constitution;
- there was careful planning prior to the May 2013 election, including agreeing a revised Committee structure to enable the new thirty-member Council to fulfil its duties;
- there has been improvement in services such as housing, education and children's social care;
- the Council completed its first self-assessment, which provided a fair and balanced evaluation and what the Council is doing to sustain improvement; and
- the Council completed its first 180-day cycle of the transformational change programme.

The Commissioners' seventh progress report in April 2013 highlighted the Council's progress and the Commissioners' positive view of the Council's ability to deliver longer-term, sustainable improvements without the need for continued external intervention.

Prior to the election in May, the Council worked well with the Electoral Commission, promoting and raising public awareness. Eleven new multi-member wards were contested by 106 candidates, showing the increased level of interest and willingness among the citizens of Anglesey to play a part in the Council's future. The newly-elected members changed the Council's make-up, lowering the age profile, slightly improving the gender balance and bringing in a more diverse range of skills, backgrounds and experiences. I feel that all these factors demonstrate the Council's considerable success in addressing democratic renewal following the recommendation in my Special Inspection Report, published in March 2011.

Following the election, councillors have continued to demonstrate the group discipline that the Commissioners had previously supported and developed. This group discipline resulted in the orderly formation of a ruling coalition and the subsequent appointment of a new Leader and Cabinet. The Council had anticipated that some newly elected councillors may be less experienced and therefore devised an induction programme designed to reflect individual members' development and training needs. A series of briefings were provided to assist new members with the Council's transformational change programme and their important role within it.

The Council has obtained a commitment by the Welsh Local Government Association (WLGA) to provide mentorship to the new and comparatively inexperienced Leader, as well as other forms of support, as the new Council continues to develop. The strength of the Senior Leadership Team, improved managerial capacity and a more robust constitutional framework will help the Council to prevent and, where necessary, to respond to any potential problems that may emerge.

On 10 May 2013, the Commissioners wrote to the Minister for Local Government and Government Business (the Minister), recommending that the intervention by the Welsh Government in the affairs of the Isle of Anglesey County Council be brought to an end when the current Ministerial Direction expired on 31 May 2013. On 13 May 2013, I wrote to the Minister acknowledging the Council's progress and indicated that I saw no further purpose in continuing the intervention. On 23 May 2013, the Minister formally announced that intervention would end.

## **The Council's ambitious improvement programme is supported by an appropriate programme management framework and reflects consultation with the citizens of Anglesey**

With the support of the Commissioners and an external consultancy, the Council developed and agreed a Transformational Plan as the basis of its strategic development and improvement over the next three years. It is an ambitious programme, based on six improvement themes and work streams which link directly to the Council's corporate objectives and the Commissioners' governance themes.

With any large-scale plan, robust arrangements are required to manage and implement change. The Council has developed a programme management framework consisting of three Programme Boards to help deliver the Plan. Each Programme Board is responsible for specific themes and work streams relating to:

- Island of Enterprise;
- Service Excellence; and
- Business Transformation.

The aims of the three Programme Boards are to oversee the delivery of the Plan and to ensure that individual change programmes and projects are managed, delivered and monitored. The Boards include senior officers and councillors, therefore providing both leadership and co-ordination of the transformation journey. The Boards receive regular progress reports and have the authority to report and make recommendations to the Executive and Senior Leadership Team. Board members have the necessary status within the Council to be able to influence Executive decisions and to ensure that these decisions are subsequently implemented.

I consider that the establishment of the programme management framework and Programme Boards is soundly based and has the potential to rationalise and strengthen joint member/officer working in the monitoring and reporting of performance against the Transitional Plan and improvement objectives. It also has the potential to improve the Council's capacity and capability to deliver the Plan.

The Transformational Plan highlights the need to develop a new Corporate Plan to support long-term improvement and modernise the way the Council works. I referred earlier to the fact that the Council has delayed publication of this year's Improvement Plan to give the newly elected members sufficient time to review the Council's current Improvement Objectives and to align these with the improvement programme and Medium Term Financial Plan. To ensure the views of Anglesey citizens and stakeholders help shape priorities and the improvement programme, the Council has developed the following objective:

*To devise and implement a comprehensive, flexible and genuine consultation process; ensuring that options are developed in an open, transparent and robust manner and that every community, business and stakeholder on our island has the opportunity to contribute.*

To help achieve the objective, a six-week public consultation entitled *Making a Difference* was launched by the Leader in August 2013. The Council is asking for the public's views through:

- an online survey on its website and social media sites;
- community councils;
- local partner organisations;
- public engagement events; and
- postcards available at Council offices, libraries and leisure centres.

The Council has developed a communications and media plan to cover most of the island including the use of local press and radio, posters at private sector locations including supermarkets, local shops, GP and dental surgeries. We have also observed that the Council is making effective use of social media, providing useful information to citizens and those visiting the island and also promoting the current consultation through this medium.

I consider that these arrangements demonstrate a more mature and well-considered approach to consultation than has been the case in the past, focusing on those areas which are going to make the most difference to local peoples' lives and enabling citizens to shape the Council's plans.

### **Despite significant and continuing challenges, the Council is managing its financial position robustly and responsibly**

I previously reported that the Council's draft *Statement of Accounts* had for the first time in the last three years been completed in accordance with all statutory timescales. The Council has continued to make progress in addressing issues with producing the statement of accounts and produced its 2012-13 draft accounts on 28 June 2013, in accordance with the accounts production deadlines.

The Council has well-established medium-term financial planning arrangements which involve extensive consultation and challenge. The latest medium-term revenue budget strategy 2014-2017 shows funding gaps of £3.1 million, £4.0 million and £4.25 million in 2014-15, 2015-16 and 2016-17 respectively. The Council's budget has been set alongside the corporate plan and improvement priorities and includes not only savings but also investment in priority areas such as the *Energy Island* initiative. However, the Council recognises that, for some services, the scale of the financial challenge will require them to be delivered differently.

The Executive has identified Education, Adult Social Care, Leisure and Libraries for service redesign and reconfiguration during 2013-14 in order to deliver efficiency savings. Recent investment in new systems and the better use of technology is expected to deliver savings in the future. The Council continues to manage its financial position robustly and responsibly but, as the severity of the financial situation increases, it will become more difficult to protect the existing types and levels of all the services currently provided to the public. We will continue to monitor how the Council develops its detailed proposals to manage its financial position.

**There has been improvement in a number of key services, but there are weaknesses in some areas that the Council still needs to tackle**

I reported in my Annual Improvement Report on the Council's progress in responding to the areas for development identified in 2012 by the CSSIW, particularly in relation to children's services. The Council has strengthened its guidance, increased staffing and brought in additional expertise to address concerns. There have also been significant efforts to improve performance and quality management. Progress continues to be satisfactory, with the Council moving from a low-performing authority to performing well against a number of performance indicators.

I also referred in my Annual Improvement Report to the inspection in May 2012 by Estyn and the Wales Audit Office of the Council's Education Services for Children and Young People. The inspection found that the services were unsatisfactory and that they had unsatisfactory capacity to improve. The Council responded constructively to the report and a Recovery Board was subsequently appointed by the Minister for Education and Skills to provide support and external challenge. Since then, the Recovery Board has reviewed detailed strategic and operational information and received regular progress reports. However, the Recovery Board has not yet reported publicly to the Minister or to the Council on its findings. Estyn will continue to review the Council's progress in implementing the recommendations during 2013-2014.

In my March 2013 Annual Improvement Report, I reported that the Council's arrangements for the management of its information assets were limiting its ability to improve. Specifically, there were weaknesses in data security and information management. Similar weaknesses had been identified previously in a range of reports dating from May 2011, including Internal Audit's reports on Modern Records Management, Data Security and Business Continuity, issued in September 2012.

Following breaches of the Data Protection Act 1998, the Council agreed to the Information Commissioner's Office carrying out a consensual audit of the Council's arrangements for the processing of personal data. The Information Commissioner's auditors undertook fieldwork in July 2013 and their report is expected to confirm and add to the recommendations made in the previous regulatory reports.

The Council has subsequently agreed to conduct a project on information governance covering the areas of:

- information management – ICT Audit and security; records management and training on the Council's information security policy;
- review of arrangements for the disposal of confidential waste;
- review of access to the Council's main offices in Llangefni; and
- schools' handling of information.

We will be assessing the project's progress throughout this year and will report our findings in my Annual Improvement Report in 2014.

I reported in my March 2013 Annual Improvement Report that housing services were generally improving, that the Council had delivered the Welsh Housing Quality Standard by the target date and that arrangements for responsive repairs to housing were improving. In December 2012, we conducted a review of the homelessness service in Anglesey. We concluded that:

- the Council had made progress in 2012-13 in the arrangements to deliver an effective homelessness service; and
- the Council had identified areas in need of improvement in its arrangements to engage with users of the homelessness service.

The Council remodelled the homelessness and housing advice service, with the creation of a Housing Options Team. Additional staff resources have been provided to prevent homelessness and facilitate more effective use of private sector accommodation for those requesting housing assistance. Although the Council has an active tenant participation scheme and homelessness forum, it is difficult to demonstrate the value of engagement. We had provided more detailed feedback to the Council separately.

The Council is to review its homelessness strategy in 2013 and will address the issues raised in our review.

### **The Council has improved its processes for developing its Annual Governance Statement but recognises that there is more to do**

Every local authority must prepare an annual governance statement in order to report publicly on the extent to which it has complied with its own code of governance. The process should include an evaluation of how the authority has monitored and evaluated the effectiveness of its governance arrangements in the preceding financial year, and on any planned changes in the future.

Between December 2012 and March 2013, we evaluated the effectiveness of local authorities' reviews of governance in 2011-12 across Wales. In doing so, we aimed to identify how annual governance statements can be improved to give assurance that they are reliable mechanisms of self-evaluation.



Our review of the Council found governance arrangements based on firm principles and providing a reasonable level of assurance. However, there is scope to broaden arrangements to provide further assurance on the Council's vision and outcomes for the public. We shall be reporting the all-Wales results of this work later in 2013.

The Council responded constructively to our review and has been open to learning as demonstrated by the improvements it has made to the arrangements for drafting its Annual Governance Statement for 2012-13. Additionally, the Council identified further ways to improve its future arrangements, such as:

- aligning the Annual Governance Statement with the Corporate Self-Assessment, the Transformation Plan and the Risk Register;
- using the Performance Review Group to ensure that corporate planning and performance issues contribute more strongly than before to the production of the Annual Governance Statement;
- developing an action plan to provide updates on progress made and to minimise outdated risks and information remaining within its governance framework;
- considering the approach of other authorities with recognised good practice; and
- raising awareness and understanding of governance and reducing the perception that governance relates predominantly to financial matters.

### **The Council engaged well with other councils in North Wales and with the Wales Audit Office during our recent Improvement Study on the effectiveness of scrutiny**

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

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

- took part in two regional workshops along with peer learning exchange teams from other North Wales councils;
- observed two scrutiny committee meetings at Conwy County Borough Council, providing feedback to committee members;
- discussed the way that scrutiny works in Conwy County Borough Council with a group of committee chairs and vice-chairs; and
- drawing on its discussions and observations, provided an external perspective to Conwy County Borough Council by evaluating its scrutiny function against criteria developed jointly by the Wales Audit Office, the Welsh Local Government Association, the Welsh Government and the Scrutiny Officers' Network.

A Peer Learning Exchange Team from Gwynedd Council also conducted similar work at the Isle of Anglesey County Council.

Before undertaking the activities set out above, the Council had evaluated the effectiveness of its own scrutiny function against the criteria. After the Peer Learning Exchange Team had visited Conwy County Borough Council and received Gwynedd Council's evaluation, the Council re-evaluated the quality of its own scrutiny, drawing on what it had learned. We have provided the Council with an analysis of its two self-evaluations, and how they compare with those in other councils throughout Wales. We acknowledge that, following the May elections, the Council's scrutiny arrangements have necessarily changed and no longer reflect the model that was in place when the Council completed its self-evaluations. Nevertheless, we anticipate that the Council will consider the analysis of its self-evaluations and decide whether or not it needs to make further changes to its scrutiny arrangements.

### **There has been steady progress in implementing most of the proposals for improvement identified in my previous assessments**

I have previously reported a number of proposals for improvement. Progress on these matters is summarised in Appendix 1. Further information about our findings in some of these areas is provided in this letter and/or separately in interim updates where appropriate.

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

No new proposals for improvement are being suggested in this letter. We will continue to monitor and report on the progress made by the Council in implementing the proposals set out in my previous reports and letters.

### **Publication of the letter**

My letter will be published on the Wales Audit Office website after it has gone through the Council's democratic process or within two months of issue, whichever is the sooner.

### **Updates to the work plan and timetable**

My Improvement Assessment Team will keep the Council informed of the detailed arrangements for the delivery of my assessment work.

The regularly updated work plan and timetable provide more detail on the work being delivered during this year's assessment and in particular how we will add value by focusing on jointly identified areas or services.

The work plan and timetable take account of my consultation with improvement authorities over my proposals for 2013-14 performance audit work.

I am grateful to the Council for the way in which it has helped to facilitate our work and hope to see even more effective and efficient arrangements developing over time. I remain committed to providing appropriate levels of public assurance while supporting you in mitigating the inevitable risks to services and accountability that stem from reducing resources and consequential change.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Huw Vaughan Thomas', with a small flourish at the end.

**HUW VAUGHAN THOMAS**

**AUDITOR GENERAL FOR WALES**

cc: Lesley Griffiths, Minister for Local Government and Government Business

Huw Lloyd Jones – Manager

Andy Bruce – Performance Audit Lead

## Appendix 1

Proposals for improvement	Progress
<p>P1. The Council should make arrangements that enable the Chief Executive to focus on:</p> <ul style="list-style-type: none"> <li>• leading and developing the Senior Leadership Group;</li> <li>• managing individual members of the Senior Leadership Group, holding them to account for the delivery of specific aspects of the Council's agenda for improving governance; and</li> <li>• representing the Council externally.</li> </ul>	<p>This recommendation is complete. The Council has restructured the Senior Leadership Team and the new arrangements are allowing the Chief Executive to engage more in the development of regional leadership and collaboration. Examples include, the contribution the Chief Executive made to the pre-election planning process; and the Council's response to the Minister's request that Anglesey takes a leading role in tackling human trafficking and work with cross-sector agencies across North Wales.</p>
<p>P2. The Council should develop the role of middle managers so that:</p> <ul style="list-style-type: none"> <li>• collectively, they provide feedback to senior managers about the implementation of change; and</li> <li>• both individually and collectively, they are accountable for the operational delivery of change in the services which they manage.</li> </ul>	<p>Good progress has been made and this recommendation is partially complete. Heads of Service submit Service Delivery Plans to senior management. However, the Council's new operational model is restructuring middle management and should be complete by October 2013. The restructure brings revised roles and greater accountability for Heads of Service. The Transformational Plan makes Heads of Service responsible for change programmes and projects that address risk, opportunities and respond to external demand. The transformational plan is overseen by the three Project Management Boards. The Audit Committee receives updates on risk and progress.</p> <p>We will continue to review progress as the arrangements embed.</p>

Proposals for improvement	Progress
<p>P3. The Council should secure sufficient capacity and capability in its finance, HR and ICT services to:</p> <ul style="list-style-type: none"> <li>• deliver the necessary corporate functions associated with each of these services to required standards; and</li> <li>• provide support to other Council services in accordance with agreed standards.</li> </ul>	<p>The Council is making some progress to increase its capacity and capability in ICT, HR and Finance services. However, there is further work to complete:</p> <ul style="list-style-type: none"> <li>• A new financial ledger went live in April 2013. The system improves the financial information for management and monitoring purposes.</li> <li>• The staffing structure in Finance has changed to provide additional capacity to support services as well as providing the required corporate finance services. To further aid capacity, the Council has now appointed a permanent Head of Resources, Head of ICT, and recruited a Programme Manager to co-ordinate service improvement.</li> <li>• There is still work to do to strengthen corporate capacity, particularly around ICT, procurement, asset and information management. We will continue to review progress as the Council moves forward into the next stage of its development.</li> </ul>
<p>P4. The Council should:</p> <ul style="list-style-type: none"> <li>• collectively, specify its improvement objectives for 2012-13 in a manner that enables it to determine and report whether or not they have been achieved; and</li> <li>• draw on its analysis of 2011-12 performance to learn from what has gone well and to determine and report what steps it needs to take to improve.</li> </ul>	<p>Due to the election in May 2013, the Council's Improvement Priorities for 2013-14 are being developed and will be published in October 2013. The process involves a large public consultation exercise and forms part of its transformational plan.</p> <p>The Council has introduced Service Performance Reviews to identify performance strengths and weaknesses and better measure progress against the service and corporate targets.</p> <p>A Performance Review Group has been developed to support and inform the performance management process across services.</p> <p>The Council is making better use of its analysis of performance, and the recent self-assessment process demonstrates a clearer understanding of success factors and gaps which contributed to poorer performance. We will review progress in October 2013, on production of the Council's plans.</p>
<p>P5. The Council should promote greater consistency across services in the quality of self-evaluation.</p>	<p>The Council responded constructively to the recommendation as demonstrated by the improvements it has made to this year's Annual Governance Statement and the most recent self-assessment in April 2013. The Council's performance report is due in October 2013 and we will monitor progress then.</p>

**Proposals for improvement**

P6. The Council should apply stronger editorial control to its performance report in order to improve its readability and eliminate typographical errors.

**Progress**

The Council has responded constructively and is applying stronger editorial control to Council documents. This includes, in some cases, allowing the Wales Audit Office the opportunity to comment constructively on drafts. We will review progress in October 2013, on production of the Council's plans.