



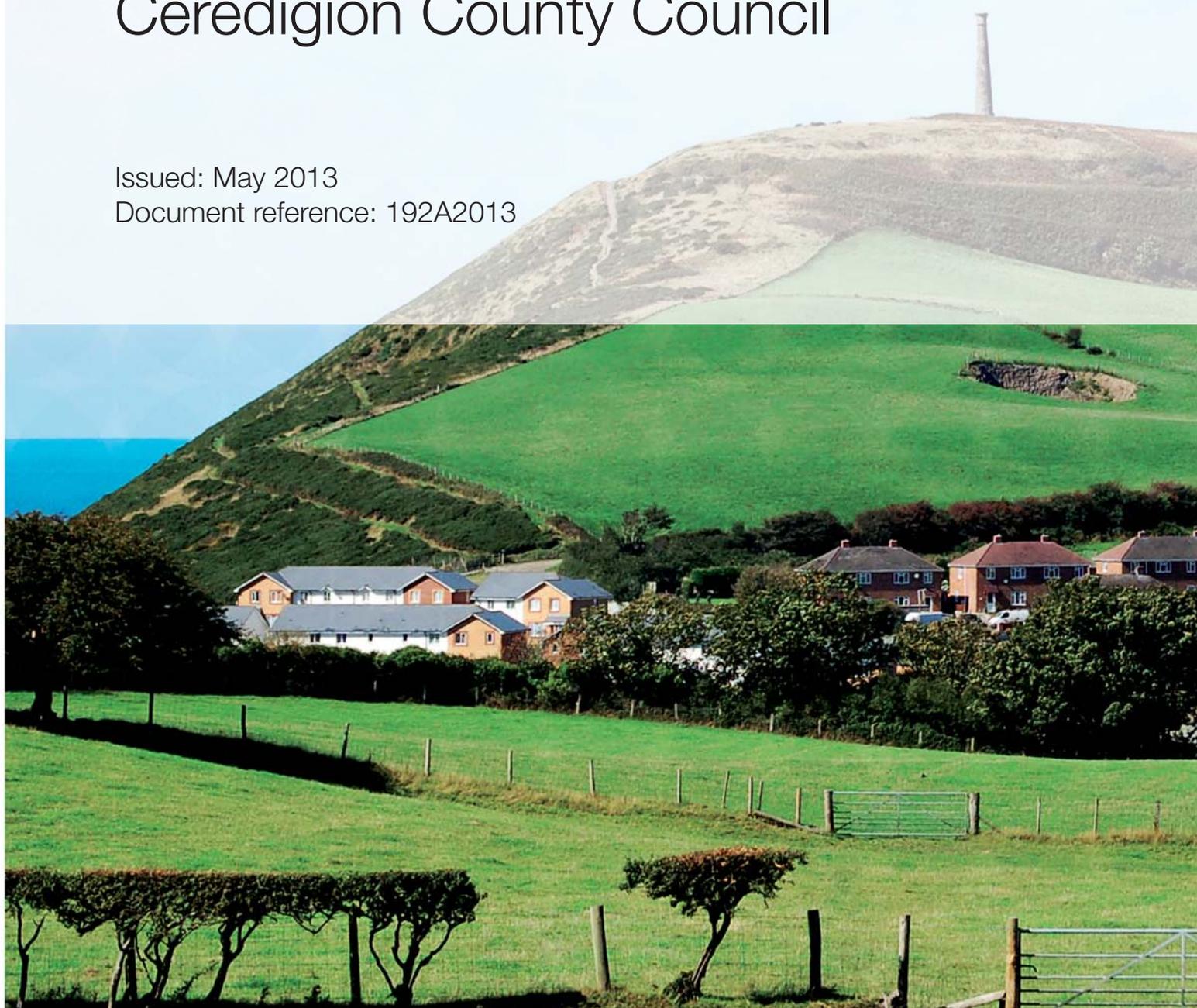
WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report

Ceredigion County Council

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About the Auditor General for Wales

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 Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Assembly Commission and National Health Service 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. The Auditor General's appointed auditors are responsible for the annual audit of nearly £5.5 billion of funding that is passed by the Welsh Government to local government in the form of general and specific grants. Local government, in turn, raises a further £2.1 billion through council tax and business rates.

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 Wales Audit Office aims to make public money count, by promoting improvement, so that people in Wales benefit from accountable, well-managed public services that offer the best possible value for money. It is also committed to identifying and spreading good practice across the Welsh public sector.

This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Colin Davies and Jeremy Evans under the direction of Jane Holownia.

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Summary report

- 1 Each year, the Auditor General must report on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement and delivering their services. Drawing on the work of the relevant Welsh inspectorates, as well as work undertaken on his behalf by the Wales Audit Office, this report covers Ceredigion County Council's (the Council) delivery and evaluation of services in relation to 2011-12, and its planning of improvement for 2012-13.
 - the Council has made improvements to its education service; and
 - the Council's support for vulnerable people has improved with some examples of good practice, but a number of key risks could hamper progress.
- 2 Overall the Auditor General has concluded that the Council is developing new arrangements for managing its improvement programme, but the expected outcomes are unclear, raising concerns about the Council's ability to secure improvement and provide a clear evaluation of the impact its actions are having upon citizens and service users.
- 3 We found that due to a lack of strategic ownership and focus the Council is making variable progress delivering improvement in its priority areas:
 - the Council's Transformation Programme has made progress this year with the creation of a new senior management structure but overall progress remains variable and slow and the expected impact is unclear;
 - the Council did not reduce its Carbon Dioxide (CO₂) emissions from its non-domestic public buildings, but has substantially completed its *Borth to Ynyslas Coastal Protection Scheme*;
 - the Council has maintained its strong focus on waste reduction, enabling it to meet national targets;
- 4 We also found that: councillors are driving the Council's approach to self-evaluation and performance management, but this is not yet reflected in its annual self-assessment.
- 5 Finally, this report sets out our views on how well the Council is planning for, and making arrangements to support, improvement. We concluded that: the Council's planning for improvement and its arrangements to support improvement need to be strengthened if they are to enable the Council to secure continuous improvement during the coming financial year. In particular:
 - the Council's plans do not express clearly enough the Council's priorities or the impact they will have on citizens;
 - the Council continues to make variable progress in addressing the proposals for improvement identified in our previous assessments;
 - the Council has clear and robust financial plans that are linked to their strategic and improvement objectives; and
 - whilst the Council has been praised for its work in supporting the Welsh language in its care homes, overall it has failed to achieve the majority of the targets it set in its *Welsh Language Action Plan*.

Recommendations

- 6 I make no new recommendations this year, although I have made six proposals for improvement which are set out in my improvement assessment letters issued to the Council during the course of the year. These letters are available on our website www.wao.gov.uk.
- 7 I will undertake a full corporate assessment of the Council later this year and will review the Council's progress in implementing my proposals as part of this work.

Detailed report

Introduction

- 8 Under the Local Government (Wales) Measure 2009 (the Measure), the Auditor General must report each year on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement and delivering their services. **Appendix 1** provides more information about the Auditor General's powers and duties under the Measure. With help from Welsh inspectorates, Estyn (for education) and the Care and Social Services Inspectorate for Wales (the CSSIW), we have brought together a picture of what the Council is trying to achieve and how it is going about it. This report also sets out the progress the Council has made since the Auditor General published his last annual improvement report, drawing on the Council's own self-assessment.
- 9 We do not undertake a comprehensive annual review of all Council arrangements or services. The conclusions in this report are based on our cumulative and shared knowledge, and the findings of prioritised work undertaken this year.
- 10 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 Welsh 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 it to do something about them and we will follow up what happens.
- 11 We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at info@wao.gov.uk or writing to us at 24, Cathedral Road, Cardiff CF11 9LJ.

The Council is developing new arrangements for managing its improvement programme, but the expected outcomes are unclear, raising concerns about the Council's ability to secure improvement and provide a clear evaluation of the impact its actions are having upon citizens and service users

Due to a lack of strategic ownership and focus the Council is making variable progress delivering improvement in its priority areas

The Council's Transformation Programme has made progress this year with the creation of a new senior management structure but overall progress remains variable and slow and the expected impact is unclear

12 Facing unprecedented financial pressures due to the economic conditions and exacerbated by increasing citizen expectations, in September 2010 the Council embarked on a Transformation Programme. The aim of the programme was to enable the Council to deliver services with significantly reduced resources by seeking changes to the way it works and to look for alternative ways of providing services ensuring that they are as effective and efficient as possible. The Transformation improvement objective was agreed by the Council in 2010 and we noted in the *Annual Improvement Report* in 2012 that, while the programme was moving forward, 'progress in some areas had been slower than expected'.

- 13 Following the local government elections in 2012, the Council has agreed a new management structure based on four strategic directors supported by heads of service who will be directly responsible for operational delivery. Once in post, the four strategic directors along with the Chief Executive will be the Council's Leadership Team and will provide the strategic overview of Council services. Operational responsibility will reside with newly appointed heads of service, who replace the existing assistant directors. It is unclear what impact this change will have as no change in personnel is anticipated, with existing senior officers being slotted in.
- 14 Other elements of the Transformation Programme have slipped but this is recognised by the Council and it is trying to increase momentum.
- 15 The Council is proactive in engaging neighbouring organisations including local authorities and health bodies, developing opportunities to work together more, both operationally and strategically.
- 16 The Council has a number of joint working arrangements with neighbouring bodies, and at a time of financial restraint, there is a greater incentive and drive to work differently to sustain service delivery. The Council's *Governance of Ceredigion – Joint Programme of Work* states that: '...any collaboration (with neighbouring authorities and with partners) must have a strong business case that shows it will deliver improved services at a lower cost and will not disadvantage the local economy'.

The Council did not reduce its CO₂ emissions from its non-domestic public buildings, but has substantially completed its *Borth to Ynyslas Coastal Protection Scheme*

- 17 The Council has continued to invest in energy reduction schemes which have had the benefit of reducing its overall CO₂ emissions and realise savings in energy use. However, during 2011-12 the Council did not reduce its CO₂ emissions from its non-domestic public buildings, with CO₂ emissions rising by 1.3 per cent. The Council's *Improvement Plan – Performance 2011/2012* has the potential to be misleading as the summary narrative focuses on the CO₂ savings since the 2007-08 baseline, without offering explanation of why it failed in its target for non-domestic buildings, or setting out the action it intends to take as a consequence.
- 18 The Council has protected approximately 300 homes and 40 businesses with its *Borth to Ynyslas Coastal Protection Scheme*. The £13.5 million phase one of the scheme, was substantially completed in 2012, aims to protect homes and business from a once in a 100 year flooding event.

The Council has maintained its strong focus on waste reduction, enabling it to meet national targets

- 19 The Council is making good progress towards meeting its national waste targets on waste reduction. Improvement has been made in relatively small steps, but it has been made consistently and over a number of years. The Council has met the 2012-13 target to recycle 52 per cent of municipal waste collected and the service has a very strong awareness of national waste minimisation targets, and the implications of not achieving them.
- 20 The Council recognises that effective citizen engagement is vital if it is to continue to improve recycling rates. The service has continued with a programme of awareness raising among the public to improve its performance in domestic refuse recycling with the successful introduction of kerbside recycling and food waste.

The Council has made improvements to its education service

- 21 A range of initiatives have been introduced to support pupils' literacy and numeracy skills. This has led to improved outcomes for targeted groups of pupils. The Council is working to embed this performance further with the introduction of a numeracy team to provide targeted support for schools that are underperforming.

22 Hafan and Encil centres are located in all seven secondary schools and offer support that has been tailored to meet the needs of pupils. It has resulted in improving attendance levels in every school, reducing truancy, reducing exclusions, improving behaviour and in ensuring that pupils connect better with their education. For the second year in succession, the number of permanent exclusions has remained at 0, and there have been no fixed-term exclusions of more than five days.

23 Other initiatives include the roll out of the 'Team Around the Family' initiative. The Council has appointed four coordinators, who use a range of information, to provide targeted support for families. This helps prevent their problems escalating into more complex situations requiring further, more expensive interventions. The coordinators are based in the Council's secondary schools and their remit also includes contributions towards achieving key educational objectives such as improved behaviour in schools, fewer exclusions and increased attendance.

24 The Council has been undertaking a school rationalisation programme to address the increasing volume of surplus places. In January 2011 the Council had 25 per cent surplus places; it removed 191 surplus places in primary schools during 2010-11, and 147 in 2011-12 but the Council still has a significant task ahead if it is to achieve its target of 15 per cent surplus places in the next five years.

The Council's support for vulnerable people has improved with some examples of good practice, but a number of key risks could hamper progress

25 The CSSIW published its *Annual Review and Evaluation of Performance 2011/12* in October 2012. This describes improvement in some areas. The report can be found at www.cssiw.org.uk. In summary, the CSSIW found that:

- the Council has provided evidence of continuing service development;
- children's services continue to make progress and performance has improved in some areas;
- recruitment of sufficiently experienced staff remains a challenge; and
- the Council is reviewing the range of support services available to children which provides an opportunity to develop better integrated services.

26 The CSSIW has also identified the following good practice:

- The support offered and provided to carers of older people and those with a physical disability. The carers' development officer provides effective support and clear direction.
- People receiving services from the Council are supported from a high number of staff able to converse in both Welsh and English.

- The area adult protection framework has proved pivotal in driving improvement in the area of safeguarding.

27 The CSSIW also identified the following potential risks:

- Work on collaboration could create uncertainty leading to delays in progressing modernisation. It could also undermine the good joint work and progress achieved with the Hywel Dda Health Board and other neighbouring authorities.
- Performance indicators identify the high use of unqualified staff, especially in children's services.

28 The CSSIW also undertook an inspection of access arrangements for children's services in November 2011. The inspection found a clear commitment to improve and modernise its access arrangements. A considerable amount of work has been carried out but progress has been hampered by an inability to recruit suitably qualified and experienced social workers. A full copy of the inspection report can also be accessed at www.cssiw.org.uk.

Councillors are driving the Council's approach to self-evaluation and performance management, but this is not yet reflected in its annual self-assessment

- 29 The Council has effectively discharged its statutory improvement reporting duties. However, it needs to ensure that it acts more in accordance with the Welsh Government guidance.
- 30 The Council has much more to do to develop its improvement monitoring and reporting arrangements. The Council is not successful in assessing the impact that its activity is having on the lives of citizens or whether it is making progress towards its intended outcomes. The narrative summarising each improvement objective, within the *Improvement Plan – Performance 2011/2012*, presents a variable range of information describing what the Council is aiming to achieve, related activities undertaken and planned, and selected performance measures. With the possible exception of the objective *Improve learning opportunities for all of our learners*, the narrative lacks an overall evaluation of the Council's progress in achieving its aims. It is left up to the reader to form their own opinion as to whether the improvement objectives are being achieved.
- 31 In the tables of performance measures used to illustrate *What differences did we make*, baseline performance data and targets are often missing, making it difficult to assess whether the performance being described by the Council is good or poor, or in line with expectations. For example, in relation to its *high quality and safe environment* improvement objective, the *Improvement Plan – Performance 2011/2012* reports that the Council achieved 61 tonnes CO₂ reduction through its vehicle fleet efficiency programme. However, no other data is provided in relation to performance in previous years or in relation to targets set, meaning that the reader is unable to assess whether this reflects good or poor performance.
- 32 Reporting in some areas is confusing. For example, the Council reports in the *Improvement Plan – Performance 2011/2012* that it achieved a 27 per cent improvement in the number of carers' assessments offered and includes a graph showing that the Council is the most improved in Wales in relation to this measure. However the summary, quoting the same figure, records the Council as failing to meet its target in relation to this measure, noting that the Council's performance is ranked 17th in Wales. Furthermore, the narrative relating to its improvement objective *Improve the way we safeguard those who are vulnerable* focuses more on the wider social care agenda than it does on assessing the performance against the improvement objective. This makes it difficult for citizens to assess how well the Council has progressed.
- 33 Where targets have been set, they are not consistently challenging or explained to set performance in context. For example, the 2011-12 target for the timely reviews of child plans for children in need was set lower than the Council's actual performance in the previous year, and below the Welsh average, without explanation being provided.

34 Following the local government elections in May 2012 the new administration has set out, and is implementing, a number of changes to performance management arrangements. These include the allocation of responsibility for transformation and performance management responsibilities to the Deputy Leader. The Deputy Leader is subsequently driving a more robust and rigorous approach to the assessment of departmental performance.

35 The revised 'business evaluation' performance meetings, where directors report on progress in the delivery of their business plans, are beginning to show benefits. Key issues arising from these meetings are now being reported to cabinet and the Council's scrutiny committees are also starting to be involved by challenging and monitoring these issues.

36 The CSSIW states that the Social Services Director's letter for Ceredigion gives an accurate account of the Council's performance and clearly reflects the evidence provided to CSSIW, in particular in relation to transforming older people's services. The evidence provided by the Council to support its evaluation has been clear.

37 In September 2012, the auditor appointed by the Auditor General gave an unqualified opinion on the Council's 2011-12 accounts. The appointed auditor also issued his *Annual Audit Letter*, [Appendix 3](#) gives more detail.

38 Having investigated concerns raised by a subcontractor in relation to the Council's management of a contract for works at Lampeter School, the Appointed Auditor reported to the Council's Audit Committee in January 2013 that:

- the Council did not fully comply with the requirements of its contract procedure rules in the selection of those invited to tender; and
- aspects of the contract were not managed well and improvements could be made.

The Council reports that it has reviewed its processes and is instigating some changes in light of these comments.

The Council's planning for improvement and its arrangements to support improvement need to be strengthened if they are to enable the Council to secure continuous improvement during the coming financial year

The Council's plans do not express clearly enough the Council's priorities or the impact they will have on citizens

39 The new administration has set out and agreed its political priorities in a document called *Governance of Ceredigion – Joint Programme of Work*. The Council has reviewed the objectives and actions set out in the *Improvement Plan – Objective 2012/2013* and established that they broadly reflect those new political priorities. However, the Council recognises that the current *Improvement Plan – Objective 2012/2013* does not yet provide sufficient clarity about its strategic priorities, what it is going to do differently, and the measurable outcomes that citizens can expect.

40 As part of its ongoing Transformation Programme, the Council has developed a high-level vision statement which is supported by seven strategic objectives. These are almost the same as the Council's six improvement objectives which are described in its *Improvement Plan – Objective 2012-2013*. The similarity between the strategic objectives themselves, and between the strategic objectives and the improvement objectives, has the potential to cause confusion. For example the Council's first strategic objective is *Ceredigion performs well in delivering services that match the needs of our citizens*, which is similar to its second strategic objective *Ceredigion Council is an organisation that is fit for purpose to deliver improving services to its citizens*. Yet the single improvement objective covering this area is *Transform our services to be more efficient*

and effective for the citizen. There is a similar overlap between strategic objective *Education and training provision is tailored to meet the needs of those seeking career opportunities in Ceredigion* and strategic objective *Ceredigion Council achieves the best learning outcomes for Ceredigion* and the improvement objective *Improve learning opportunities for all our learners*. Overall, it is unclear which set of objectives the Council is monitoring and targeting its resources upon, and the duplication is both inefficient and unnecessary.

41 The Council's *Improvement Plan – Objective 2012/2013* describes in some detail a comprehensive range of service-based activity which will contribute to achieving the improvement objectives. It also describes how success can be measured through targets and performance indicators and, more qualitatively, through surveys. Although in order to follow the statutory guidance more fully, future plans should also include a general statement describing the arrangements the Council has in place to discharge its statutory duty to secure improvement.

42 The Council has undertaken a range of public and stakeholder consultation activity including engagement with its citizen panel. The *Improvement Plan – Objective 2012/2013* sets out how the information gathered has helped inform the actions underpinning its improvement objectives. However, the *Improvement Plan – Objective 2012/2013* could more explicitly 'signpost' citizens and stakeholders as to how they can engage with the Council and express their views in relation to the setting of

improvement objectives. The Council intends to undertake a review of its public engagement procedures in collaboration with local service board partners to explore how best to improve them and maximise their benefits.

- 43 The *Improvement Plan – Objective 2012/2013* is easy to find on the Council's website, and is produced in both Welsh and English, meeting the Council's *Welsh Language Scheme* requirements.
- 44 The Council's risk management arrangements are a cause for concern; for example there is some ambiguity as to whether services have an up-to-date risk register, there has been very little training in risk management, responsibility for managing particular risks are unclear and there is uncertainty regarding how to escalate risks, when necessary.

The Council continues to make variable progress in addressing the proposals for improvement identified in our previous assessments

- 45 The Council has acted on our statutory recommendation contained within the *Annual Improvement Report* (January 2012) that the Council should publish a comparison of its performance with other Welsh improvement authorities and other public bodies. The *Improvement Plan – Performance 2011/2012*, published in October 2012, includes comparison of performance at an all-Wales level and also provides examples of comparisons with other councils within Wales.

46 The Council has developed new cabinet portfolios and has reduced the number of scrutiny committees. Whilst it is too early to assess the effectiveness of these changes, they have the potential to support improvement.

47 Action plans have been developed to address our proposals made relating to technology and information management. Progress is being monitored by cabinet and we will follow up these reviews in the coming year and report on progress in our next annual improvement report.

48 The Council has made less progress in addressing our concerns about its strategic priorities, Transformation Programme, self-evaluation and improvement planning.

The Council has clear and robust financial plans that are linked to their strategic and improvement objectives

49 In the current financial year, the Council is forecasting as at 31 December 2012, an overspend for the year of £0.9 million. Pressures within the Social Services Portfolio have resulted in a forecast year-end overspend of £1.4 million. The main overspends are forecasted within Families and Children (£750,000), Mental Health Services (£325,000) and Learning Disabilities – Other Services (£330,000).

50 Environmental Services and Housing anticipates a full-year overspend of £150,000 due to a shortfall in income from building control, planning applications and the housing grants agency. These overspends are partially offset by anticipated

underspends of £190,000 in Highways, Property and Works and £150,000 in the Corporate Passenger Transport Unit.

51 Whilst interest rates for Council deposits remain low, and reserves have been at a high level, internal borrowing has been maximised which has generated a temporary saving of approximately £300,000 for 2012-13.

52 At the end of 2011-12, the Council held some £33 million in useable reserves, £2 million higher than in the previous year. The Council's General Fund balance has been increased in recent years and this will fund the anticipated £0.9 million overspend in 2012-13. The budget for 2013-14 reflects the continued pressures within Social Services with an increase in the budget allocation of £2 million.

Exhibit 1: The Council's useable reserves 2012-2015

	Actual 31.3.11	Actual 31.3.12	Planned 31.3.13	Planned 31.3.14	Planned 31.3.15
General Fund reserve	£5.5 million	£6.4 million	£5.3 million	£4.8 million	£4.8 million
Housing Revenue Account earmarked reserve	£0.8 million	£0.5 million	£0	£0	£0
Education earmarked reserves	£5.8 million	£7.3 million	£10.0 million	£10.3 million	£9.9 million
Highways earmarked reserves	£1.6 million	£2.4 million	£3.6 million	£3.5 million	£3.4 million
Corporate capital earmarked reserves	£2.9 million	£5.5 million	£0.6 million	£0.4 million	£0.6 million
Job evaluation/equal pay earmarked reserve	£9.9 million	£5.6 million	£4.9 million	£3.8 million	£3.3 million
Other earmarked reserves	£4.3 million	£5.0 million	£4.3 million	£3.3 million	£2.2 million
Total useable reserves	£30.8 million	£32.7 million	£28.7 million	£26.1 million	£24.2 million

Source: Ceredigion County Council

53 The Council is awaiting final approval from the Welsh Government to close its Housing Revenue Account following its stock transfer a number of years ago. Approval is expected to be given before the 2012-13 year-end.

54 The Council plans to utilise some of its reserves over the coming years to meet its strategic and improvement objectives. A number of capital schemes are planned, namely the *21st Century Schools* programme and the carbon management programme.

55 The Council has a track record of good engagement and has done so in relation to the budget and priorities. Members, the public and key stakeholders have all had the opportunity to contribute and comment.

56 The *Medium-Term Financial Strategy* was updated and approved by the Council in February 2013. The Council's financial plan is based on a range of sound and appropriate information and uses a greater range of information including demographics, employment, health and deprivation statistics. The Council's overall plan is being delivered largely within budget.

57 The Council's arrangements for administering housing benefit should ensure that timely and accurate payments are made to the right people and there is reasonably good access to the benefit service. Processing times for both new claims and changes of circumstances are shorter than the Welsh average. Accuracy has improved and document management is working well. Above-average numbers of claims are decided within 14 days, overpayment

arrangements are working well, and there is an effective fraud detection and recovery service in place.

58 The Council is working hard to introduce the Automated Transfers to Local Authority System (ATLAS), which will automate transfer of funds from the Department of Work and Pensions and HM Revenue and Customs direct into the local authority systems.

Whilst the Council has been praised for its work in supporting the Welsh language in its care homes, overall it has failed to achieve the majority of the targets it set in its *Welsh Language Action Plan*

59 The role of the Welsh Language Commissioner (the Commissioner) was created by the Welsh Language (Wales) Measure 2011. Over time, new powers to impose standards on organisations will come into force through legislation. Until that time, the Commissioner will continue to review Welsh language schemes by virtue of powers inherited under the Welsh Language Act 1993.

60 The Commissioner works with all local authorities in Wales to inspect and advise on the implementation of language schemes. It is the responsibility of local authorities to provide services to the public in Welsh in accordance with the commitments in their language schemes. Every local authority is committed to providing an annual monitoring report to the Commissioner outlining its performance in implementing the language

scheme. The Commissioner analyses every monitoring report, provides a formal response and collects further information as required.

- 61 The Council is taking action to give due attention to the Welsh language in the process of policy impact assessment. Some development was seen in some of the themes identified in the *Community Strategy* in relation to matters affecting the Welsh language. The Council has developed a tool for monitoring compliance with the requirements of its care home and nursing home contracts, and offered support to home staff to meet those requirements. The Council was praised last year for updating care home contracts and it was noted that it was necessary to expand the work to other service areas. This should now be a priority for the Council. The Council acknowledges that it has failed to achieve the majority of targets in its action plan but no explanation is offered for this. The Council has not yet responded to the Commissioner's request for further information on a number of aspects of its provision. The Council is expected to prioritise target achievement in 2013.

Appendices

Appendix 1 Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake an annual Improvement Assessment, and to publish an annual improvement report, for each improvement authority in Wales. This requirement covers local councils, national parks and fire and rescue authorities.

This report has been produced by the Wales Audit Office on behalf of the Auditor General to discharge his duties under section 24 of the Measure. The report also discharges his duties under section 19 to issue a report certifying that he has carried out an improvement assessment under section 18 and stating whether, as a result of his improvement plan audit under section 17, he believes that the authority has discharged its improvement planning duties under section 15.

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 councils, national parks, and fire and rescue authorities.

The annual Improvement Assessment is the main piece of work that enables the Auditor General to fulfil his duties. The Improvement Assessment is informed by a forward-looking assessment of an authority's likelihood to comply with its duty to make arrangements to secure continuous improvement. It also includes 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. This report also summarises the Auditor General's conclusions on the Council's self-assessment of its performance.

The Auditor General may also in some circumstances carry out special inspections (under section 21), which will be reported to the relevant authorities and Ministers, and which he may publish (under section 22). This published *Annual Improvement Report* summarises audit and assessment reports including any special inspections (under section 24).

An important ancillary activity for the Wales Audit Office is the coordination 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 may also take account of information shared by relevant regulators (under section 33) in his assessments.

Appendix 2

Useful information about Ceredigion and Ceredigion County Council

The Council

Ceredigion County Council spends approximately £168 million per year (2011-12). This equates to about £2,234 per resident. In the same year, the Council also spent £26 million on capital items.

The average band D council tax in 2011-12 for Ceredigion was £1,132.55 per year. This has increased by 3.24 per cent to £1,169.27 per year for 2012-13. 61.5 per cent of Ceredigion's housing is in council tax bands A to D.

The Council is made up of 42 elected members who represent the community and make decisions about priorities and use of resources. The political make-up of the Council is as follows:

- 19 Plaid Cymru, 12 Independent, 3 Independent Voice: Coalition
- 7 Welsh Liberal Democrat
- 1 not affiliated

The Council's Chief Executive is Miss E. M. Bronwen. She is supported by:

- Director of Education and Community Services: Mr Eifion Evans
- Director of Social Services: Mr Parry Davies
- Director of Environment Services and Housing: Mr Bryan Thomas
- Director of Finance: Mr W. Gwyn Jones
- Director of Highways, Property and Works: Mr Huw T. Morgan

The senior management arrangements are currently under review with the appointment of strategic directors who are expected to be in post by April 2013.

Other information

The Assembly Members for Ceredigion are:

- Elin Jones, Ceredigion, Plaid Cymru
- Rebecca Evans, Mid and West Wales Region, Labour Party
- Simon Thomas, Mid and West Wales Region, Plaid Cymru
- Joyce Watson, Mid and West Wales Region, Labour Party
- William Powell, Mid and West Wales Region, Welsh Liberal Democrats

The Member of Parliament for Ceredigion is:

- Mark Williams, Welsh Liberal Democrat

For more information see the Council's own website at www.ceredigion.gov.uk or contact the Council at Ceredigion County Council, Neuadd Cyngor Ceredigion, Penmorfa, Aberaeron, Ceredigion, SA46 0PA. Tel: 01545 570881 or e-mail reception@ceredigion.gov.uk.

Appendix 3

Appointed Auditor's Annual Audit Letter

The Leader
Ceredigion County Council
Penmorfa
Aberaeron
Ceredigion
SA46 0PA

Dear Councillor Ellen ap Gwynn

Annual Audit Letter

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor and my reporting responsibilities under the Code of Audit Practice.

The Council complied with its responsibilities relating to financial reporting and use of resources

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; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 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; and
- issue a certificate confirming that I have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This Code is based on International Financial Reporting Standards. On 27 September 2012 I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's financial position and transactions. My report is contained within the Statement of Accounts. The key

matters arising from the accounts audit were reported to members of the Audit Committee in my Audit of Financial Statements report on the 25 September 2012. The most significant of which related to:

- Prior year adjustment – the 2010/11 accounts had an unreconciled difference of £178,000. The Council subsequently reconciled this balance and made a prior year adjustment. We reviewed the working papers and were satisfied that appropriate action had been taken.
- Creditor balance – a £364,000 creditor balance included within 'other entities and individuals' related to the sale proceeds of the former Penweddig school. A recommendation was raised requesting the Council to review this account and conclude on the treatment and allocation of these funds during 2012-13.
- Pension Contributions – in common with other local authorities in Wales, the Council was in the process of agreeing equal pay settlements with employees. The accounts included a provision of £4.2m in respect of this liability and the related pension contributions. The legal advice available to the Appointed Auditor suggested that it was appropriate to recognise this liability, however there were diverging legal views and uncertainty regarding the need to recognise a provision in respect of the pension contributions element. The Appointed Auditor concluded that he was not required to undertake any further action regarding this matter as part of the 2011/2012 audit of accounts. However, the Council needed to be alert to any future court decisions on this issue that could clarify the legal position and impact on the need for a provision.

My consideration 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 Improvement Assessment under the Local Government (Wales) Measure 2009. Overall, I am satisfied that the Council has appropriate arrangements in place. The Auditor General will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made when he publishes his Annual Improvement Report.

I issued a certificate confirming that the audit of the accounts has been completed on 27 September 2012.

The financial audit fee for 2011-12 is currently expected to be higher than the agreed fee set out in the Annual Audit Outline. This is as a result of dealing with items of correspondence from members of the public.

Yours sincerely

John Golding
For and on behalf of the Appointed Auditor

16 November 2012

Appendix 4

Ceredigion County Council's improvement objectives and self-assessment

The Council's improvement objectives

The Council is required by the Welsh 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.

The Council published its improvement objectives in its *Improvement Plan – Objective 2012/2013* which can be found on the Council website at www.ceredigion.gov.uk. They are:

Improvement objectives 2012-13
Transforming our services to be more efficient and effective for the citizen
Providing a high quality and safe environment
Improve learning opportunities for all of our learners
Improve the ways we safeguard and promote the independence of vulnerable people
Promote and develop Aberystwyth as a regional and national centre
Promote and develop economic renewal across the County

The Council's self-assessment of performance

The Council's self-assessment of its performance can be found in the Council's *Improvement Plan – Performance 2011/2012* which can be found on the Council's website at www.ceredigion.gov.uk and in its main council office.

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