



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

Annual Improvement Report

Ceredigion County Council

January 2011



Annual Improvement Report by the Auditor General for Wales

This report is written by the Wales Audit Office 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 Ceredigion County 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 Non Jenkins and Helen Keatley under the direction of Alan Morris.

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 Ceredigion?

- 1 Ceredigion has a geographic area of 1,795 km² and is the fourth largest local authority area of Wales. Its area accounts for 8.6 per cent of the total area of Wales. Gwynedd is to the north of the county, Powys to the east, Carmarthenshire to the south and Pembrokeshire to the south west whilst to the west, Ceredigion has 62 miles of coastal path with several blue-flag beaches. Much of the area's economy is connected with the quality of the environment. Agriculture, tourism and the public sector form the main employment sectors. It has 104 Sites of Special Scientific Interest and the Dyfi valley is home to Wales' first new style world class UNESCO Biosphere.
- 2 Ceredigion seems to be fairly affluent but there are some pockets of deprivation, particularly in rural areas. Although overall none of its wards feature amongst the top 10 most deprived in Wales, some of its more rural wards suffer from some of the highest deprivation in Wales in relation to housing condition and access to services. The county contains two Communities First Programme designations, one in Aberystwyth/Penparcau and the other reflecting rural deprivation in the Tregaron Uplands area. In 2010, the average weekly earnings was £425 - the lowest amongst the 22 Welsh local authorities. On the other hand, the number of pupils of statutory school age entitled to free school meals, at 11.7 per cent, is the fourth lowest in Wales.
- 3 Aberystwyth is a centre of national significance, functioning as the most important administrative, service and cultural centre in the region, as well as being the largest tourist resort in Cardigan Bay. The town has recently been designated a Regeneration Area by the Assembly Government.
- 4 Based on the latest mid-year estimate (2009), the population of Ceredigion is 76,400 and is projected to increase by 11 per cent to almost 85,000 by 2033. The estimated number of households in Ceredigion is 33,032 (2007 estimate). The age profile of Ceredigion's population taken from the mid-year estimates shows the number of children (aged 0-16) to be 11,583 or 15.1 per cent of the total population in 2009 which is less than the Welsh average of 18.5 per cent. However the number of people aged 65 and over is 15,952 which, at 23.8 per cent of the overall population, is higher than the Welsh average of 21.4 per cent.
- 5 Compared with other parts of Wales, Ceredigion has a particularly high proportion of students. Higher Education Statistics Agency (HESA) figures show that in 2008-09 there were 9,000 full-time higher education students in Ceredigion at Aberystwyth University and Trinity St David's University, Lampeter Campus. Most of the students live in Ceredigion during term time and students account for almost one in every nine of Ceredigion's residents.
- 6 Further information about Ceredigion and Ceredigion County Council (the Council) is included in [Appendix 2](#).

geographic area
1,795 km²
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population
76,400
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15.1% aged 0-16
23.8% aged >65
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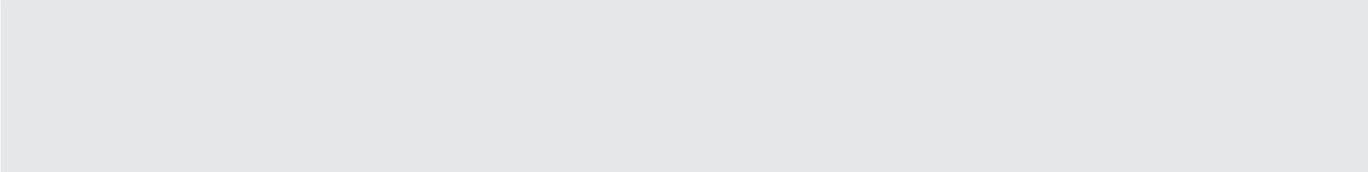
Is Ceredigion County Council well managed?

- 7 The Council employs 3,700 members of staff, in six Departments. In 2009-10 the Authority's gross revenue spend was £202 million, and it also spent £30 million on capital projects. The Council's main offices are located at Aberaeron and Aberystwyth and there are also satellite offices located in Cardigan, Lampeter, Llandysul and Tregaron.
- 8 Managing such a large organisation with its diverse range of services is very complex. In August of 2010 the Wales Audit Office produced a report (called a Corporate Assessment) that gives quite a lot of detail on how the Council is organised and managed. The key messages we gave the Council in that report are set out in [Appendix 3](#). If you want to read the whole Corporate Assessment Report you can find it on the Wales Audit Office website at www.wao.gov.uk.
- 9 The overall conclusion of that report was that the Council is at a critical point and recognises that it needs to change the way it manages and delivers improvement within the next six months if it is to improve within limited resources.
- 10 In other words, we found that the Council has had quite a traditional approach over recent years. It had not identified clear priorities, which would enable it to decide which services to protect and where it would be able to reduce funding. And the way the Council planned and managed key resource areas, like its people, its services and projects, meant that it would struggle to improve further and to respond to the challenges it faces. In addition, the economic challenges facing all councils in the coming years including budget reductions will also require the Council to change substantially the way it works.
- 11 The Council has responded very positively to the messages and areas for improvement set out in our Corporate Assessment report. It had already made some changes to the way it worked over recent years, and since our Corporate Assessment report, it has significantly increased the scale and pace of change and started to put more solid arrangements in place to manage the transformation towards functioning as a more corporate Council. In the current financial climate the Council recognises that it cannot be complacent about the scale of challenges and the associated risks. The Council has identified priorities that enable it to decide upon its key service provision areas and other services where reduced funding may be possible. The Council is facing up to transformation in the planning and management of key areas like its people, services and projects. Like all councils facing budget reductions, the Council is preparing for substantial changes over the next few years.
- 12 In its Improvement Plan Objectives (the Plan) for 2010-11, the Council has set a specific improvement objective for 'Transforming our services to be more efficient and effective for the citizens'. This is an appropriate priority issue for the Council as it supports improvements in service quality and in efficiency and the Council recognises the need to have clear and focussed actions to achieve this objective. Whilst the Council's Plan has set out a number of commitments and actions to achieve the objective, few measures, baselines, milestones, targets or outcomes have been set. It needs to be clear how this objective links with other relevant plans. The Council is developing a project management approach to monitoring progress towards this objective, and to evidence success and achievement of the outcomes.

- 13 The Council's Improvement Plan has made high level links between its objective for 'Transforming our services to be more efficient and effective for the citizens' and the work of the county's Local Service Board (LSB) in finding savings, and the Council is further strengthening these links. The LSB includes all key public sector organisations in Ceredigion and it has identified priority projects dealing with carbon reduction, access to services, integrated health and care (Cylch Caron). It has also identified four specific cost saving projects (procurement, fleet management, cleaning services and asset management), each of which is led by a different organisation on the LSB. The Council is leading the asset management project and will consider options for partner organisations to share buildings.
- 14 Recently, the pressure has grown on all public services to make the very best use of all their resources. The auditor appointed by the Auditor General has confirmed in his Annual Letter to the Council on the 30 November 2010, that the Council complied with financial and performance improvement reporting requirements but is facing significant financial pressures in the near future. His 2010 Annual Letter is included in this report at [Appendix 4](#)¹.
- 15 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 cash reduction of around £0.7 million (0.7 per cent) in the revenue funding it gets from the Assembly Government for 2011-12. Once inflation is factored in, that means a real terms cut of around £2.6 million (2.6 per cent)². The Assembly Government also announced Indicative Budget allocations for 2012-13 and 2013-14 which will assist the Council in reviewing its financial plan for the medium term. The Indicative allocations show a slight cash increase in the Council's revenue funding from the Assembly Government of £0.2 million for 2012-13 and £1.1 million for 2013-14. This is, however, before taking into account inflationary pressures.
- 16 Capital funding is the money that councils spend on capital projects and infrastructure work, for example new buildings, road improvements and new equipment. The capital funding available to the Council is set to reduce considerably. Councils are allocated a general sum for capital expenditure, and make bids for additional capital grants for specific capital projects. 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.
- 17 The revenue funding reductions, announced as part of the provisional settlement by the Assembly Government, are less than the Council had anticipated. The Council is therefore reviewing and reassessing its medium term financial plan, which previously reflected a need to find an estimated £15 million of savings over the next three years, but this has now reduced to about £6 million. The estimated savings required for 2011-12 have been reduced from about £5 million to £3 million, and the savings required for future years are lower than originally anticipated. The Council is continuing with its development of a three year savings plan.

¹ There is more information about the right to see council accounts in the Wales Audit Office leaflet, Council accounts: your rights, which you can find on our website at www.wao.gov.uk

² Real terms means the effect of inflation is taken into account. There are lots of different measures of inflation. The figures used for public sector budgets come from the Treasury's GDP deflator series.

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- 18 Securing efficiencies to plug a funding gap of at least £6 million over the next three years provides challenges not only for the leadership, but for the Council as a whole. The global financial climate and the decisions the Council makes during the next six months will continue to have an impact beyond the local elections in 2012. As such, the Council as a whole needs to ensure that it works together in agreeing a realistic medium-term financial plan. This will be crucial if the Council wants to continue to deliver improvements and further efficiencies in future.
 - 19 The Council's council tax arrears have increased in recent years and at the end of March 2010 stood at £2.8 million. Proportionally, this was amongst the highest level of council tax outstanding per chargeable dwelling for all 22 Welsh councils. The Council needs to address its arrears position in order to improve cash-flow and to ensure it receives all the income it is owed.
 - 20 More positively, in 2008-09, Ceredigion County Council made fewer benefit overpayments and recovered a significantly greater share of that money compared with the previous year due to improved debt recovery arrangements. In 2008-09 the Council overpaid £62,000 less benefit, a reduction of 0.62 per cent, compared to the previous year because the service has improved arrangements to prevent overpaying benefit and it is good at identifying overpaid benefit. In 2008-09, recovery of debt increased significantly, by 28 per cent, from the previous year, even though the approach to recovery is sensitive to customer hardship. Figures for debt collected in 2009-10 were the same as 2008-09 which maintains the Council's improved performance.

Does Ceredigion County Council know what it needs to do to improve?

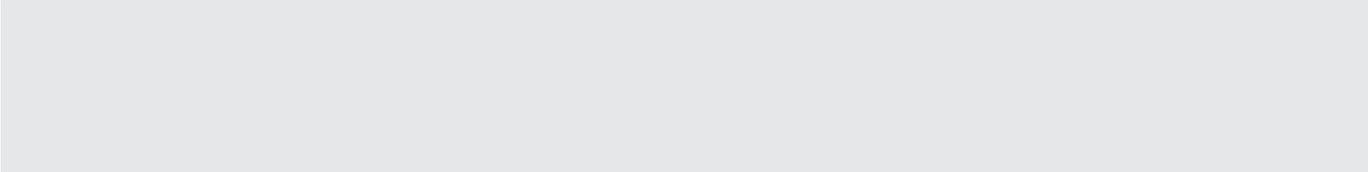
- 21 The Assembly Government requires all councils to publish their plans for improving what they do and how they do it. They must also publish a list of the main things they are aiming to improve each year – their improvement objectives. For 2010-11, Ceredigion Council has decided to concentrate on five objectives, which are:
- transforming our services to be more efficient and effective for the citizens;
 - the regeneration of Aberystwyth as a regional and national centre;
 - developing education in Ceredigion;
 - measure to protect and provide a sustainable environment; and
 - improve the ways we safeguard those who are vulnerable in our community.
- 22 The Council must publish its improvement objectives and its plans to achieve them as soon as practical after the beginning of April each year. The Council made its improvement objectives public on the Council's website earlier in 2010 and it prepared a document known as the Improvement Plan Objectives (the Plan) for 2010-11 with more details about each improvement objective. The Council agreed the Plan in July 2010 and it was published on the website in the same month in draft³ and in hard copy for the public in September. We think that because this document is very important for the Council and local people, it should be more prominent on the Council's website. The Council will need to publish its Improvement Plan and objectives earlier next year.
- 23 The Council is also required by the Assembly Government to produce an annual review of its achievements and progress within the last financial year. Therefore, the Council published its Improvement Plan Performance 2009-10 by the required date in October 2010 to comment on its performance from April 2009 until March 2010⁴. This Plan meets the statutory requirements and provides a balanced view of the Council's performance in 2009-10. We think that the following improvements should be made to next year's Improvement Plan Performance:
- The Council should make it clearer, particularly to the public, where it is performing well and not so well.
 - All service improvement areas have targets that are measurable. The summary of the Improvement Plan Performance 2009-10 is not as effective as it could be. For future years, more attention will be needed to make the summary more readable, to include more numbers reflecting actual performance indicators, and to make the presentation more output and outcome focussed rather than input or process focussed.
- 24 The Council has elected to publish all its data to ensure a balanced picture is provided. For future years the Council may wish to consider publishing fewer indicators, ensuring that the set that it does publish matches its own priorities and outcomes. This would save the Council effort, and be more meaningful for residents and service users.

³ The Council's Improvement Plan Objective can be found on its website at www.ceredigion.gov.uk/index.cfm?articleid=14508

⁴ The Council's Improvement Plan Performance can be found on its website at www.ceredigion.gov.uk/index.cfm?articleid=15694

- 25 We wanted to be sure the Council is clear how people will be better off if it improves in the ways it intends to. We think that the Council's Improvement Plan does not do justice to some of its other plans and performance in improving some services. Some improvement objectives are better than others but they and the arrangements for delivering them require further development. The Council recognises this and has started to make progress.
- 26 Each objective describes the activities and inputs the Council will deliver and details the kinds of projects it will support. However, the Council recognises that it must strengthen the way it demonstrates the positive benefits of its efforts for local people. In measuring its impact, the Council will need to evaluate how effectively it works in partnership with other stakeholders and the outcomes of that partnership working. This is especially important when there is less money available.
- 27 The Council's Outcome Agreement with the Assembly Government clearly sets out information on what the Council wants to achieve and how it is going to achieve and measure its achievements. The Council should look to learn from the way it has set out its Outcome Agreement and use a similar format to refine its improvements objectives and its performance monitoring and management arrangements against its current and future Improvement Plans.
- 28 We also looked at how well the Council involved local people and those that work with and for it, in deciding what it should make a priority. The Council approach to customer focus is still developing.
- 29 The Council collects the views of staff, citizens, partners and other organisations. However, its arrangements for collating, analysing and evaluating this information remain inconsistent and under-developed. Also, it is not clear why the Council used the Assembly Government's priorities to consult with the citizens of Ceredigion to inform its improvement objectives, rather than its own priorities. The Council knows that it must improve the way it uses this information to help it prioritise and make improvements, savings and other difficult decisions.
- 30 The Council uses a range of consultation methods to inform its decision making processes. During Autumn 2010, the Council consulted town and community councils about the Council's direction and priorities over the coming years. The meetings produced ideas that will help the Council prepare next year's and future budgets, and the time investment and commitment of the Leader and the Chief Executive in attending these meetings has helped to secure engagement and ownership in addressing the challenges ahead. The Council is also actively collecting suggestions from its own staff as to how it can improve services.
- 31 Ceredigion's formal citizen engagement responsibility is met through the Citizen Panel. This is a joint arrangement between Dyfed Powys Police, Hywel Dda Health Board and the Council, and this has been the case for the last two years. Surveys are conducted quarterly and the responses are reported to the Council's Cabinet and all Council Members to enable the citizen's views to be considered in the development and review of the Council's services.

- 32 The Council also consults with the public on Community Safety matters in an innovative manner. The Council was the first in Wales to embark on a joint public consultation with the Police and Fire Authority to ensure a cost effective, focused engagement with the citizen at a public meeting. The Council supports forums for various service users, and its forums for people aged over 50 (50+ forums) are beginning to influence the Council's services. For example the forum in Cardigan has influenced the designs of its Extra Care Housing scheme, and in Aberystwyth older people have successfully influenced the design of bus routes and are now trying to improve the location of bus stops.
- 33 The Council's senior managers recognise that good internal communication is a vital element in the Council's transformation programme and to support change management. This is likely to further challenge already stretched resources in communications and the Council will need to consider how it can best provide support.
- 34 The Council produces an annual complaints report. The numbers of complaints made under stage 2 of the Council's complaints procedure has generally increased between 2006-07 and 2008-09 (the figure for 2009-10 is not yet available). Most complaints made under the Council's complaints procedure are dealt with by the relevant department. Only 10 complaints were passed to the Head of Legal Services under stage 3 of the procedure in 2008-09 and only three complaints were referred to the Public Services Ombudsman.
- 35 The Council is learning from the complaints it gets but it could do more to improve how complaints are recorded consistently across departmental systems. The Council could explore the use of its performance management system (Ffynnon) rather than using separate departmental systems to record complaints data. It should also consider introducing a system to record compliments.
- 36 We asked how well the Council's plans will support its efforts to improve and how it would resource these improvements. There are no clear links to show how the improvement objectives and actions in the Improvement Plan link to the Council's other plans, including its financial plan. It is therefore not clear from the Council's plans how its planned improvements will be resourced. The Council will need to keep its plans under review to ensure they are affordable when faced with difficult spending decisions.
- 37 Every council needs to have good information and use it well if it is to provide good services and make them even better. We said in our corporate assessment report that the Council's systems for gathering and using information across its departments to manage and drive improvement were inadequate, needed more work, and it did not have appropriate corporate performance management and reporting information in 2009-10.
- 38 In 2010 the Council faced a transitional period changing from a system called 'Performance Accelerator' to the new 'Ffynnon' performance information system. The new system for gathering information and indicators data delayed the introduction of Corporate Performance Management reporting in the Council, which meant that the Council during the transition period, could not monitor actions against its business plans.

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- 39 In the past six months, excellent progress has been made with the introduction and the use of the Ffynnon system, and quarterly performance reporting is now happening on a corporate basis. Staff and councillors have been trained to get the best use out of the Ffynnon system, allowing them to track the performance of services and the targets set and to help the Council plan improvements to services. The Council's confidence in Ffynnon is growing.
- 40 A further key step is to improve the way it demonstrates how local people are benefiting from its improved performance. This will help it better understand trends and how to anticipate and respond to underlying issues when taking important decisions in the coming years.
- 41 In our Corporate Assessment we said that the Council's leadership recognises the need to strengthen its people management arrangements to ensure that it is making best use of its limited staff capacity in securing improvement. It had started to consider how its Human Resource function could be more of a corporate resource as opposed to being fragmented in individual departments. Since then the Council has made further progress.
- 42 There will be an internal restructuring to ensure that the corporate Human Resource manager will report to the Chief Executive and be responsible for managing all staff undertaking personnel functions in departments. The Council's new arrangements will maximise Human Resource capacity and ensure greater consistency in the implementation of procedures and policies.

Is Ceredigion County 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. In order to do that, 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 Ceredigion. We think that together, these aspects cover the main things that 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 each of these three aspects. We have looked at all five of the Council's improvement objectives but not in any great detail as we will look at them in more detail in our report next year.
- 45 Overall, if the Council has chosen to make things a priority, then it should be able to measure them in terms of how they affect local people.
- 46 The Welsh Language Board (the Board) 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 Board. Every local authority is expected to provide the Board with an Annual Monitoring Report that explains how its scheme has been implemented. This Report allows the Board to offer advice as to how a Council might improve its local arrangements. The Board also undertakes its own reviews to assess the provision of Welsh language services and to promote improvement.
- 47 In 2009, 52 per cent of the population of Ceredigion had the ability to speak Welsh compared with 25.6 per cent of the total population of Wales. This is amongst the highest proportion of Welsh speakers in all 22 counties in Wales.
- 48 The Board has praised the Council for its work in assessing the compliance of contracts issued to third party care home providers with the requirements of the Welsh Language Scheme and for its commitment to extend the assessments to other outsourced social services. The Council has the ability to capture and report data on the linguistic skills of staff. This data suggests that it has sufficient numbers of Welsh speakers to allow it to provide a comprehensive Welsh language service across all service areas. The Board has found that the Council's website, electoral documentation and statutory and recruitment adverts comply with the Welsh Language Scheme. The Board however remains concerned at the lack of scrutiny and ownership of the Scheme by Council leadership. Many Welsh Language Scheme targets are not achieved within the agreed timetable. However, the Board expects to see these issues addressed following an increase in available resources.
- 49 Extra resources have been allocated by the Council which should address the need to improve scrutiny and ownership of the Scheme and also help meet targets within the stipulated timescale.

Is Ceredigion County Council supporting people in need?

- 50 The performance of the Council's housing service is mixed but housing does not appear as a specific improvement objective. However, various aspects of housing are identified as priority areas within the outcomes of the county's draft Health Social Care and Well Being Strategy which is currently being consulted upon. Currently, the service is providing a lead in relation to energy efficiency and fuel poverty solutions in Tregaron. In addition, plans are being implemented to embed housing as an integral part of regeneration in Aberystwyth and a bid has been made for Assembly Government funding to assist with this initiative. The Council has a good track record in improving housing standards in Cardigan, particularly in helping elderly and vulnerable people to be safer in their own homes.
- 51 The rate of additional affordable housing provision in Ceredigion has declined in recent years, falling from delivering 45 units in 2007-08 to 38 in 2009-10 due to the decline in the provision of affordable housing by Registered Social Landlords. This was the fourth lowest figure in Wales and well below the Welsh average of 112. However, the Council's performance in providing affordable housing through planning obligations using Section 106⁵ agreements was the fourth highest in Wales at 35. The Council, like many other councils, faces significant challenges to secure the development of more affordable housing in the future.
- 52 The rate at which people were accepted as homeless in Ceredigion has remained better than the Wales average since 2001-02 with the exception of 2004-05. The Homelessness Act 2002 requires local authorities to prevent homelessness from occurring wherever possible. The Council has developed a prevention service and this has enabled it to deliver a far more beneficial outcome for potentially homeless people.
- 53 In November 2009 the Council, in line with the wishes of the majority of its tenants, successfully transferred its council houses to Tai Ceredigion, a new not-for-profit housing organisation, in order to meet the Welsh Quality Housing Standard by 2015. This was a significant decision for the Council to take to help secure better housing standards and quality of life for 2,200 households in Ceredigion. We are currently undertaking a national study across Wales on how well councils and housing associations are progressing in improving homes to meet the housing standard. We will publish this national study in 2011.
- 54 The extent to which older people (aged 65 and over) are supported in the community in Ceredigion has been consistently in the top quarter of councils in Wales between 2005-06 and 2008-09. This is particularly relevant in the county where both male and female life expectancy is the highest in the whole of Wales. For both genders life expectancy, which is over 80 years, has remained above the Welsh average and on an upward trend since 2001. With the higher than national average proportion of older people and their higher life expectancy the Council will face increasingly significant challenges in meeting older people's needs.
- 55 In 2007 Ceredigion residents had one of the lowest teenage pregnancy rates in Wales with 32.9 conceptions per 1,000 females aged 15 to 17. The average rate for Wales at that time was 44.9 pregnancies. In other health indicators the county is also performing well over a period of years. Adult obesity and smoking rates remain below the Welsh average, as they have been since 2001.

⁵ Section 106 (S106) of the Town and Country Planning Act 1990 allows a local planning authority (LPA) to enter into a legally-binding agreement or planning obligation with a landowner in association with the granting of planning permission. The obligation is termed a Section 106 Agreement. These agreements are a way of delivering or addressing matters that are necessary to make a development acceptable in planning terms. They are increasingly used to support the provision of affordable housing and typically, a new housing development over a given threshold size would be required to provide a pre-determined proportion of affordable housing.

- 56 The percentage of looked after children with three or more placements in the year in Ceredigion was not as good as the Welsh average in 2005-06, but then improved sharply in 2006-07 to be much better than the Welsh average. Since then the rate has varied but remains better than the Welsh average.
- 57 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.
- 58 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.
- 59 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.
- 60 In relation to adult services, the Council is making progress in providing a range of bilingual information on its services. Access for adults is enhanced by a contact centre and the centre's performance, which is monitored via surveys, was reported as excellent. CSSIW regulatory inspections found good quality standards in place for in-house domiciliary care provision and the reablement scheme. Additionally, the rate of people whose discharge from hospital is delayed is now below the Welsh median and there is ongoing development of services for adults to help them remain in the community.
- 61 However, there are some concerns about delays in providing community services and the waiting time for occupational therapy assessments. The Council has also been struggling to improve its performance in completing reviews of care plans. Performance on the numbers of carers who are offered an assessment is among the poorest in Wales although a wide range of services for carers are provided by the voluntary sector. There is no overarching quality assurance framework for adult services although the head of adult services has identified this as a priority area for development.
- 62 In children's services there has been consistently good performance in relation to looked after children. The Council also provides support services for children with disabilities through a multi agency team. Promoting independence and social inclusion has been identified as a strength, and a recent inspection found that the complaints service effectively raised awareness of user's concerns.

63 Areas for improvement for children's services include the timeliness of decision-making on referrals as well as timescales for accessing initial assessments. Improvements could also be made in relation to reducing the re-referral rates as well as embedding systematic 'quality assurance' systems across children's services. Succession planning in relation to fostering services is another area for improvement.

64 Partnership working has been effective for both adult and children's services and the recruitment policy takes account of language in its selection and balance within teams. An area for improvement for the overall service is the monitoring of rates and quality of staff supervision and appraisal.

Is Ceredigion Council improving the way it safeguards those who are vulnerable in its community?

65 Improving the way it safeguards vulnerable people is an appropriate issue for the Council to tackle as it promotes fairness, reflects that the number of older people in the county is rising, and that its arrangements for safeguarding adults in particular remain an area for improvement.

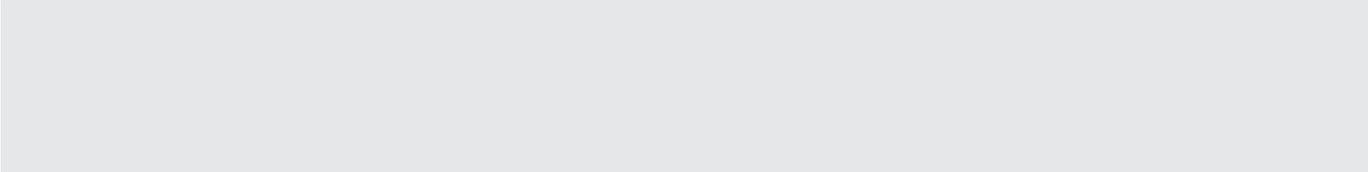
66 In our Corporate Assessment report we said that the Council has faced challenges in transforming aspects of social care. These challenges include protecting vulnerable adults; achieving financial savings and addressing overspends, sickness and capacity difficulties; avoiding the placement of older people with dementia outside the county; and tackling the independence agenda through developing a broader range of community based options which promote independence.

67 We also said that progress in the past has often fluctuated due to capacity issues within the Council and the reorganisation of the health service in Wales, but there are positive indications that the pace of joint working between health and the Council has quickened more recently.

68 The Council has set out actions in its Improvement Plan to improve the way it safeguards vulnerable people. These actions currently appropriately focus on improving processes within the Council's social services. The Council needs to be able to demonstrate that improved processes are delivering better outcomes to vulnerable people in Ceredigion.

69 CSSIW's inspection in 2009 of how councils in Wales were safeguarding children said that the Council is providing a sound service to safeguard and protect children but is facing particular challenges because of its size and rural nature.

70 CSSIW's inspection in 2010 on how well councils across Wales were protecting their adults showed that the Council with its partners was not providing a consistently effective response to some stages of the adult protection process. It also reported that the Council needed to address some key areas of front line practice, including the common understanding and application of thresholds across all agencies. The Director of Social Services, supported by the new Head of Adult Services, had already started addressing some of the issues found by the inspection. The report recommended that an agreed plan for improvement needed to be driven by the Area Adult Protection Committee to ensure the Council is delivering a consistent, robust response to adult protection.

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- 71 Our work to assess services for adults with mental health needs across the Hywel Dda Health community concluded that there has been good progress in improving adult mental health services since our baseline review in 2005 but the improvement agenda has been driven mainly by the former NHS Trust and has not reflected a wider whole system approach. This work fed into our national report⁶ which assessed the housing services for adults with mental health needs.
- 72 The Council funds and works with Age Concern to ensure that all residents are receiving the benefits they are entitled to, and that home visits are being carried out by the Care and Repair scheme to ensure that the elderly and vulnerable can remain safely in their own homes for longer.
- 73 The Council needs to continue to work at improving performance and processes of some aspects of its social services. Good relationships with health and other partners continue to improve and have started to address some of the issues.
- 74 The Council is at an early stage of preparing a plan to transform its social services. It has moved quickly to locate its own officers and staff from the health service in the same place to help to integrate Council and Local Health Board services. The Council needs to ensure that it understands and factors in the significant impact that the integration of health and social care services could bring within its wider transformation programme for the whole Council.

⁶ http://www.wao.gov.uk/assets/englishdocuments/Housing_Mental_Health_eng_web.pdf

Is Ceredigion County Council helping people to develop?

- 75 The percentage of working age adults in Ceredigion with no qualifications has gradually fallen since 2001 and was 11.9 per cent in 2008, remaining lower than the Wales average of 14.6 per cent and amongst the lowest nationally.
- 76 The percentage of working age adults with higher level qualifications⁷ in 2009 was 33.7 per cent. This was higher than the Welsh average of 29.6 per cent and amongst the highest of all 22 councils in Wales. Again achievement being better than the Wales average has been sustained since 2001.
- 77 The percentage of pupils achieving the expected standards in English at Key Stage 2 in Ceredigion has risen since 1999 and is well above the Welsh average in 2010. Ceredigion is one of four authorities in Wales with the highest proportion of pupils following Welsh as a first language and performance in Welsh as a first language is generally good when compared to these similar authorities. Ceredigion's secondary school attendance rate has risen since 1999, and is amongst the highest of all 22 Welsh councils.
- 78 Estyn, Her Majesty's Inspectorate of Education and Training in Wales, looks at how well councils are helping children and young people develop knowledge and skills. They carry out inspections of schools, further education colleges and training organisations as well as making judgements on how well councils support these education providers. Estyn, through its regional teams, analyses performance information, visits schools and has regular meetings with directors of education to come to a view about the role of the Council and about education performance in the area. The results of Estyn's inspections are summarised in the paragraphs below.

Is Ceredigion Council developing education in the county?

- 79 Education in Ceredigion is generally good with examples of excellent practice. The Council has identified priorities and these set out a clear agenda for further improvement. The most recent inspection by Estyn in 2009 judged that the Council's education services included good features in all the areas that were inspected which outweighed shortcomings and its prospects for improvement were good with significant improvement already made in some areas.
- 80 To improve further, the new senior management team in Education is working hard to tackle empty school places, the deficits in secondary school budgets, under-performance of individual schools including Special Educational Needs and behaviour support services. There are signs that a consistent approach with a higher degree of accountability about performance to schools is starting to have a positive effect. Overall, the Council performs well above the national average across all the key stages. For example, in 2010 the county's CSI ranking across key stages 1-3 was sixth in key stages 1 and 2 and fifth in key stage 3. The county has the second highest average wider points score out of the 22 councils in Wales.
- 81 In 2010, the number of primary and secondary pupils in Ceredigion who miss school is amongst the lowest in Wales. The Council has worked well with its schools to ensure that no secondary aged pupil was permanently excluded from school and the number of days lost through short-term exclusions has been halved.

⁷ Qualifications at Level 4 and above in the National Qualifications Framework, e.g. certificate of Higher Education, HND or Degree.

- 82 The Council was one of the last in Wales to start transforming its education services in light of falling numbers of pupils. Also, the number of children and young people living in Ceredigion is falling rapidly leaving many empty spaces in schools. As a result it has one of the highest levels in Wales of expensive spare places. Over the last three years the Council has moved quickly to cut the large number of spare school places and is making good progress. The Council has closed 20 per cent of its schools in this short period of time and has a clear plan to further reduce the number of schools and spare places. Although, it has cut its spare places and shown significant improvement, this is still not enough compared to the fall in pupil numbers. However, the clear strategic direction the Council is following with the 3-19 agenda will certainly reduce surplus spare places significantly over the next three year period.
- 83 As such it is appropriate for the Council to have an improvement objective in place to develop education in Ceredigion including reducing the number of empty school places. It also helps to support the improvement of the quality of its education service and promotes fairness and efficiency. This priority is clearly stated in the Department's Business Plan. However, a more explicit reference in the Council's Improvement Plan is required to demonstrate the significant importance of this work and the outcomes that are being achieved.
- 84 Ceredigion's spending per pupil is amongst the highest in Wales at both primary and secondary level. At the time of the last Estyn inspection in July 2009 the deficits in the secondary school budgets totalled £550,000. However, the net balance as at 31 March 2010 had been transformed to a surplus of £228,000 although three schools had a combined deficit balance of £426,000. At March 2010, Ceredigion's schools held a total of £1.38 million in reserves which was the lowest in Wales although 48 per cent of its schools held more than 5 per cent of their budget in reserves (20 per cent of these schools have more than 10 per cent of their budget in reserves).
- 85 Whilst it is wise to hold some funds in reserve, the Council is working with schools to ensure that levels are appropriate and that money to improve education is being used efficiently. Ceredigion secondary schools have actively tackled the issues that led to previous overspends and, working in conjunction with the Education department, have managed to remain within, or close to, their working budgets for 2009-10. Financial planning in the primary school sector is now much better.

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

- 86 Female life expectancy in Ceredigion for 2006-08 was 84.4 years, the highest in Wales. Male life expectancy in Ceredigion for 2006-08 was 80.7 years, also the highest in Wales.
- 87 The economic inactivity rate in Ceredigion in 2009-10 was 30.5 per cent (5.4 per cent wanting a job and 25.2 per cent not wanting a job). The rate is higher than the average for Wales due to large student numbers and the higher than average proportion of working age population having retired. Between 2001 and 2008 the employment rate has been below that for Wales as a whole. The county also has the lowest level of unemployment, only 1.7 per cent (918 job seekers) in July 2010 compared with the Welsh average of 3.6 per cent. The average weekly earnings in Ceredigion in 2010 was £425.20, the lowest amongst the 22 Welsh local Authorities and this gap has been widening since 1999.
- 88 Since 1998-99 participation in sport and active recreation has been better than the Welsh average and was amongst the highest of all 22 Welsh councils when last measured.
- 89 Between 2007-2009 the proportion of county 'A' roads in poor condition was much better than the proportion for Wales as a whole and it remains around 40 per cent better than the national average.
- 90 Between 2000-2008, the rate at which people were killed or seriously injured on Ceredigion's roads has been amongst the worst in Wales, but the rate has shown improvements since 2006. It is recognised that such statistics are highly sensitive to small change due to the comparatively low traffic flows. Also, a high proportion of these accidents involve weekend motorcyclists on trunk roads visiting Ceredigion. Trunk road statistics are recorded along with county road accidents, though the Council is not responsible for the trunk roads.
- 91 Ceredigion has the lowest recorded crime rate in Wales which remains at just half the average for Wales. It has had the lowest or second lowest crime rate in Wales for each of the past seven years. The most common crimes are violence against the person (25 per cent of recorded crime) and criminal damage (22 per cent of recorded crime).

Is Ceredigion Council protecting and providing a sustainable environment?

- 92 Protecting and providing a sustainable environment is an appropriate issue for the Council to tackle as one of its five improvement objectives. However, there are some weaknesses in the Council's approach to this priority. In a very broad sustainability agenda, the improvement objective is also very broad and made up of a number of different elements. The Council lacks some relevant performance information and is unclear about how it will demonstrate how local people will benefit from its work. As such the Council is unlikely to be able to evidence improvement next year and beyond. Ceredigion Council is not alone in this, and other Councils struggle similarly to demonstrate how people are better off as a result of their actions.
- 93 The Council is a leader in recycling, but as it is finding it more difficult to meet the targets every year. It is working with other councils to find solutions so that it can further improve and meet the national waste targets by 2025. The Council is working well with Powys County Council to set up arrangements to treat food waste but may struggle to meet the national food waste targets from 2012-13. The Council remains a member of the South West Wales Regional Waste Management Committee but more recently, this has been in an observing capacity.

- 94 The Council's waste service has taken care to identify the preferences of its customers and if they are satisfied, but needs to improve the detail of how it measures public participation in recycling and composting. Any lack of detail could inhibit the Council's ability to make customer-focussed decisions and transform its service in line with local needs.
- 95 The Council has met its landfill allowance targets, and its recycling and composting projects have placed the Council in a good position for the short to medium term. Recycling targets in the longer term are challenging, particularly after 2020. Collaboration with Powys County Council is encouraging and progressing towards the procurement of residual waste treatment capacity that should deliver future waste targets. The Council is also making progress to tackle the effects of climate change in the county including floods, coastal erosion, and by managing the use of energy and carbon emissions.
- 96 The Council is making progress in managing its energy and carbon emissions. The county's per capita CO2 emissions remain significantly lower than the Wales average, though this is mainly because there are few large industrial units emitting CO2 in Ceredigion. The Council has clear targets for reducing its energy consumption, and has good information about how well it is progressing. One of its projects has helped to reduce energy bills and carbon emissions and simultaneously tackle 'fuel poverty' in Tregaron and neighbouring villages.
- 97 With the majority of the population and development infrastructure of Ceredigion located along the coastline, the potential impact of coastal erosion and flooding could be very damaging to the economy and the wellbeing of the area. The Council has recognised this as a high risk and is making arrangements to mitigate this risk. It has obtained Assembly Government Coast Protection funding (supplemented with Convergence Funds) for the coast defences at Aberaeron. The Council has identified a significant risk at Borth and has plans in place (with funding from the Assembly Government) for sea defence work to commence in 2011-12. The scheme includes an innovative sub-tidal reef that will reduce erosion and provide a surfing amenity.
- 98 The Council is aware that future climate changes are likely to bring more severe storms and a rise in sea levels. Through using better information about the risks of this happening, the Council will need to consider further improvements to sea and inland flood defences and help communities become more resilient to flooding.
- Is Ceredigion Council regenerating Aberystwyth as a regional and national centre?**
- 99 The Council has selected the regeneration of Aberystwyth as an improvement objective. This is in response to the Council and the Assembly Government having identified Aberystwyth as a Regeneration Area. This designation recognises the pockets of deprivation in the area and the regional and national importance of Aberystwyth. Although this objective is set out better than the other four objectives, it still needs further work.

100 A master-plan was prepared to set the framework for action and this was replaced in 2010 by the Aberystwyth Action Plan identifying priority actions in the town centre. The Assembly Government plays a leading role with the County Council supported by other partners, and has provided £10.3 million of match funding over three years for the project. The project will primarily focus on the regeneration of the town centre itself as well as seeking to create a better seafront and promenade, and improve the economy. The Council has adopted a corporate and multi-disciplined approach to Aberystwyth regeneration, bringing together professional support from across its departments and is co-ordinating support from the national and regional public bodies to help implement the project. The Council has helped to set up a Partnership Board and a Delivery Team to oversee the planning, decision-making and implementation of the project.

101 As well as Aberystwyth, the Council also supports regeneration in other parts of the county and has completed the Cardigan and South Ceredigion Regeneration Strategy and the Tregaron Physical Regeneration Area with funding from the Assembly Government. The Council can also demonstrate support for regeneration activity from its services, for example through Housing Renewal Areas, sustainable travel towns, work based learning and capital infrastructure schemes.

102 The Council can show that it has a strategic approach to regeneration. It has set up an internal corporate Development Team of officers and is the lead body for the Adfywio Ceredigion Regeneration partnership, which helps it to integrate its own plans with those of its other partners in the county. The Council is the lead body for the delivery of the Ceredigion Rural Development Plan, with funding of £4.4 million to support rural communities and

regeneration throughout the county. However, the Council, with its partners, needs to develop ways and measures to demonstrate whether these plans and projects have achieved better access to services for all communities and better outcomes for the citizens of Ceredigion.

Are Ceredigion Council's other services creating a safe, prosperous and pleasant place to live?

103 Ceredigion is the safest county in Wales in terms of crime and disorder and the Council has good relationships with the Police and other partners to further improve the safety of Ceredigion. The Council and its partners are working together to keep the fear of crime low. In Aberystwyth they are working towards achieving Purple Flag award status for making the town safer at night particularly by reducing alcohol abuse.

104 The Council has also developed several initiatives aimed at reducing tensions and promoting greater harmony. For example, successful intergenerational discussion sessions for younger and older people to enhance the generations' mutual understanding. Also, and through an initiative of the Community Safety Partnership, many 'domestic disputes' in Ceredigion are now handled by the police with support from social services domestic abuse co-ordinators rather than by the police acting on their own as they would have done in the past.

- 105 But Ceredigion's youth offending service is mixed and, whilst its safeguarding practice is strong, insufficient attention to managing Risk of Harm to others was of some concern. We appreciate that the sample taken was small, and recognise that the service has taken steps to make improvements by introducing some promising changes to management practice.
- 106 The Council's Planning Service has a key role in the delivery of several of the Council's improvement objectives. The Council has successfully defended two major planning appeals that directly impact upon its economic development and regeneration aims. The service has also worked closely with the education sector in respect of the Council's Education Rationalisation Programme and with local Universities. The service is represented on internal working groups that support development and transformation efforts within and outside the Council.
- 107 However, the information that is available gives a poor picture of the Planning Service's performance. The speed of determining planning applications was the worst in Wales in 2009-10 and the success at planning appeals, which in previous years has been good, declined to 63 per cent in 2009-10. Responding to complaints about breaches of planning regulations is also poor. The Council does not have an adopted Unitary Development Plan and its programme for delivering a Local Development Plan is 13 months behind the original timetable. Data that is available from the Planning Officers' Society of Wales is not being used by the Service to show how it is performing against others in Wales.
- 108 The Council has reviewed its scheme of delegation to officers as recommended by the Wales Audit Office. This has helped speed up the decision making process on planning applications and has contributed to an improvement in working practices between councillors and officers. However, poor progress has been made in responding to our other recommendations relating to the way decisions are taken on planning applications.
- 109 The backlog of planning applications has been reduced significantly over the last year. The overall speed in determining planning applications has started to improve during 2010-11, but it is too early to assess whether this improvement can be sustained.

What should Ceredigion County Council do?

110 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.

111 In the light of our work the Auditor General is not making any formal recommendations but we think the Council needs to consider our proposals to help it improve:

Proposals we made in our Preliminary Corporate Assessment (August 2010)

The Council should prepare and agree a strategic plan for change setting out how it intends to better equip itself to support future improvement within increasingly limited resources. This should include details of how the Council will:

- strengthen its corporate leadership, direction, governance and scrutiny arrangements to ensure that it can make the decisions necessary;
- set a clear direction by identifying key priorities, objectives and measurable outcomes in relation to all its strategic objectives and plans showing how appropriate financial provision and adequate resources will be made available to support its activities to deliver those outcomes;
- clarify its corporate strategy for the development of shared services and alternative models of service delivery that links clearly to its Medium Term Financial Strategy;
- continue to progress its Medium Term Financial Strategy and strengthen its strategic approach to managing resources, tying resources to priorities and informing alternative means of service delivery;
- review the way it manages people, their performance and skills, to efficiently support the delivery of strategic priorities;
- build on its recent reviews to evaluate the effectiveness of its partnership framework; and
- continue to strengthen its use of ICT, and improve management of performance, risk and projects at a strategic level.

New proposals

The Council will need to:

- set out clearly what it wants to achieve from its transformation and how it will manage, support, resource and deliver the changes;
- publish improvement objectives earlier next year;
- look at existing information for each improvement objective to establish the current position and identify gaps that need to be filled;
- monitor progress and demonstrate the results clearly for local residents and citizens;
- ensure clear links between the Improvement Objectives and the Council's other plans; and
- use more than the measures it currently has in its Improvement Plan Objectives to give the public a balanced picture of its performance.

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.⁸

⁸ 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 Ceredigion and Ceredigion County Council

In 2009-10 the Authority's gross revenue spend was £202 million, and it also spent £30 million on capital projects.

The average band D council tax in 2010-11 for Ceredigion is £1,097.25 per year, which reflects a 2.82 per cent increase compared with the average of £1,067.17 per year for 2009-10. 62 per cent of Ceredigion's housing are in council tax bands A to D.

Ceredigion County Council employs 3,700 members of staff, in six departments, who provide the services on a day-to-day basis. The Council's main offices are located at Aberaeron and Aberystwyth and there are also satellite offices located in Cardigan, Lampeter, Llandysul and Tregaron.

The Assembly Member for Ceredigion is: Elin Jones, Ceredigion, Plaid Cymru.

The Member of Parliament for Ceredigion is Mark Williams, Ceredigion, Liberal Democrat.

There are 42 Councillors for Ceredigion who are elected every 4 years and represent the community and make decisions about priorities and use of resources. The Council is made up of Members from the following political groups:

- 20 Plaid Cymru
- 12 Independent
- 9 Liberal Democrat
- 1 Labour

The Independent, Liberal Democrat and Labour members have formed a coalition and together they lead the Council.

The Corporate Management Team is made up of six directorates

- Chief Executive's Department - Miss E. M. Bronwen Morgan, Chief Executive
- Education and Community Services - Mr Eifion Evans, Director
- Environmental Services and Housing - Mr Bryan Thomas, Director
- Finance - Mr W. Gwyn Jones BSc FCCA, Director
- Highways, Property and Works - Mr Huw T. Morgan, Director
- Social Services - Mr Parry Davies, Director

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 August 2010 are set out below:

Overall conclusion

Ceredigion County Council is at a critical point and recognises that it needs to change the way it manages and delivers improvement within the next six months if it is to improve within limited resources.

How the Council has approached improvement over time

The Council has recognised that the way it has secured past improvements is unsuitable to address future challenges but the reviews it has started have yet to deliver the corporate change necessary.

- the Council's leadership has secured past improvements through traditional departmental arrangements;
- the Council recognises the need for change to address the financial challenges whilst improving services; and
- the Council's leadership has started to prepare for better corporate working but is yet to plan and deliver the full-scale corporate change necessary.

Analysis of the Council's arrangements to help it improve

The Council has sound, traditional financial management arrangements and is open to collaboration, but does not yet have adequate corporate arrangements to address future challenges.

- financial management is sound but traditional, and the Council is open to collaboration, but recognises the need for more robust arrangements for planning, managing and evaluating its partnerships; and
- the Council recognises that it does not yet have clear strategic priorities and that its arrangements for managing people, performance, projects, information, governance and risk are not adequate to support its future improvement.

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

Appointed Auditor's Annual Audit Letter to the Members of Ceredigion County Council

The Local Government Measure 2009 has provided the Wales Audit Office with an opportunity to re think how to report the findings from both the financial audit and performance audit work to local government bodies. As you will be aware the Auditor General for Wales will be issuing an Annual Improvement Report (AIR) to each local authority over the next few months and many of the issues that were traditionally reported in the Appointed Auditor's Annual Audit Letter will be included in that report. Therefore, we have taken the opportunity to summarise the key messages arising from the Appointed Auditor's statutory responsibilities (the accounts, the value for money conclusion and the audit of the improvement plan) into this short letter which forms the Annual Audit Letter. The letter is designed to be a standalone document, but will be presented to the Council and the public as part of the Annual Improvement Report and therefore discharges my reporting responsibilities under the Code of Audit Practice.

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

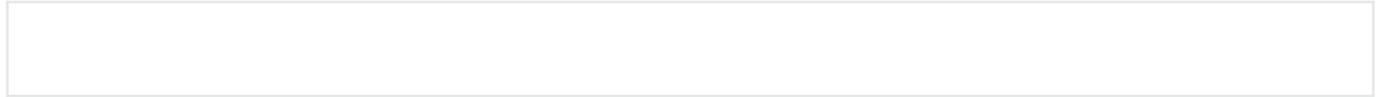
It is the Council's responsibility to:

- 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.

The Code of Audit Practice issued by the Auditor General (the Code) requires us 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 we have completed the audit of the accounts.

On 30 September 2010 we issued an unqualified audit opinion on the accounting statements, confirming that they present a true and fair view of the Council's financial transactions. Our report is contained within the Statement of Accounts.

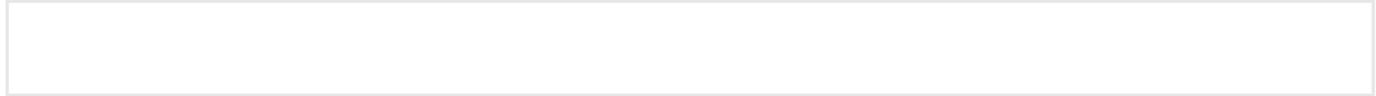


The following issues were identified during the audit of the accounting statements and were reported to the Audit Committee at that time:

- In its budget on 22 June 2010, the Westminster Government announced that future increases in public sector pensions will reflect movements in the Consumer Price Index (CPI), effective from April 2011. Increases are currently determined by reference to the Retail Price Index (RPI). It has been deemed that this is a non-adjusting post balance sheet event under FRS 21 and therefore required disclosure of the nature of the event and an estimate of its financial effect. The Council included a disclosure in the accounts and also received an estimate of the effect on its accounts by its actuary;
- Overall we considered that the year end accounts preparation process had been well managed. The provision of working papers had improved still further from the prior year with more information available at the start of the audit and an increased number of documents provided electronically. We were also impressed with the arrangements put in place to cover the absence and changes of key staff as this has helped ensure an efficient audit. We would like to take this opportunity to thank the officers for their ongoing assistance and cooperation throughout our work;
- The Whole of Government Account's return was prepared effectively and in accordance with the Assembly's timetable.

We also identified the following for consideration in future years:

- In light of recent guidance issued, the Council needs to consider the treatment of assets in relation to voluntary controlled or voluntary aided schools. Where the main risks and rewards of these assets do not belong to the Council, then the assets should be disclosed in a note to the accounts and not included in the balance sheet. From discussion with officers, we understand that the Council wishes to fully review all school assets to see if they fall within the scope of this guidance. In order to allow for this exercise to be comprehensive, we are comfortable with the Council's decision to complete this in time for inclusion in the 2010-11 accounts.
- An asset in respect of low cost home ownership loans is not currently reflected in the accounts. The Council may wish to consider if it would be appropriate to include either a financial asset or a contingent asset in relation to these loans going forward.
- A separate heading has not been used within the cash flow statement for inflows from precepts. The Council may wish to separately disclose this amount going forward as recommended in the SORP.
- Per the actuarial report, there is an unfunded pension element to the Council's pension scheme. This is currently not separately disclosed. The Council may wish to separately analyse the funded and unfunded elements of the scheme going forward.



Our review of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts and we have also placed reliance on the work completed as part of the Local Government Measure. The main findings from this latter work will be set out in the Annual Improvement Report. In addition we also bring the following issue to your attention:

- Effective budgetary control arrangements are in place and medium-term financial planning is well developed, but the Council faces significant financial pressures in the future. This is referred to further in the Annual Improvement Report.

The Council's Improvement Plan 2010-11 meets statutory requirements and provides a balanced view of its performance in 2009-10. We have, however, identified some recommendations for the Council and these will be outlined in the Annual Improvement Report.

We have an obligation to certify the audit as completed. In most respects we could do so now, but we are continuing to consider a number of questions raised by electors, which whilst not significant to the accounts, require our attention. As a result we are not yet in a position to make our certificate.

The financial audit fee for 2009-10 is currently expected to be in line with that set out in the Financial Audit Strategy.

Grant Thornton UK LLP

For and on behalf of the Appointed Auditor

30 November 2010

Appendix 5

Ceredigion County Council's improvement objectives

The Council's published its improvement objectives in its Improvement Plan which can be found on the Council's website at www.ceredigion.gov.uk/index.cfm?articleid=14508. They are:

- Transforming our services to be more efficient and effective for the citizens;
- The regeneration of Aberystwyth as a regional and national centre;
- Developing Education in Ceredigion;
- Measure to protect and provide a sustainable environment; and
- Improve the ways we safeguard those who are vulnerable in our community.

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 AuthorityThe Council's own websites and improvement plans
- The Wales Yearbook
- The Home Office
- Members' Research Service
- Office for National Statistics