



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report 2015-16

Gwynedd Council

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This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Sian Clark, Jeremy Evans, Fflur Jones and Nigel Griffiths under the direction of Jane Holownia.

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Together with appointed auditors, the Auditor General audits local government bodies in Wales, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. He also conducts local government value for money studies and assesses compliance with the requirements of the Local Government (Wales) Measure 2009.

Beyond local government, 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.

The Auditor General and staff of the Wales Audit Office aim to provide public-focused and proportionate reporting on the stewardship of public resources and in the process provide insight and promote improvement.

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Summary report

About this report

- 1 This Annual Improvement Report (AIR) summarises the audit work undertaken at Gwynedd Council (the Council) since the last such report was published in July 2015. This report also includes a summary of the key findings from reports issued by 'relevant regulators', namely: the Care and Social Services Inspectorate Wales (CSSIW); Her Majesty's Inspectorate for Education and Training in Wales (Estyn); and the Welsh Language Commissioner (the Commissioner). Nonetheless, this report does not represent a comprehensive review of all the Council's arrangements or services. The conclusions in this report are based on the work carried out at the Council by relevant external review bodies and, unless stated otherwise, reflect the situation at the point in time that such work was concluded.
- 2 Taking into consideration the work carried out during 2015-16, the Auditor General will state in this report whether he believes that the Council is likely to make arrangements to secure continuous improvement for 2016-17.
- 3 This statement should not be seen as a definitive diagnosis of organisational health or as a prediction of future success. Rather, it should be viewed as providing an opinion on the extent to which the arrangements currently in place are reasonably sound insofar as can be ascertained from the work carried out.
- 4 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@audit.wales or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.

2015-16 performance audit work

- 5 The work carried out since the last AIR, including that of the 'relevant regulators', is set out below.

Project name	Brief description
Wales Audit Office Use of Resources: Financial Resilience Assessment	Review of the Council's financial position and how it is budgeting and delivering on required savings.
Wales Audit Office: 'Improvement Plan' Audit	Review of the Council's published plans for delivering on improvement objectives.
Wales Audit Office: 'Assessment of Performance' Audit	Review of the Council's published performance assessment, including testing and validation of performance information.
Wales Audit Office Governance: Review of Scrutiny	Review of the effectiveness of the Council's scrutiny processes.
Wales Audit Office Vision and Performance: Update on Ffordd Gwynedd	Update on the Ffordd Gwynedd projects.
Wales Audit Office: Performance Assessment	Assessment of performance in relation to the Council's Welsh Language improvement objective, to understand whether the Council's public reporting of its performance is fair and balanced.
Wales Audit Office Performance Management: Benchmarking social services costs against performance	Review across the North Wales councils to explore the value of the current social services performance indicators and the links, if any, with costs.
CSSIW: Review of the Social Services Department's performance 2014-15	Assessment of the performance of the Council's Social Services Department.
Wales Audit Office: Follow-up work	To assess whether Council has appropriate corporate processes for responding to reports, tracking implementation of recommendations and reporting this to the appropriate committee.
Wales Audit Office: National reports	<ul style="list-style-type: none"> • The financial resilience of councils in Wales • Community safety partnerships • Income generation and charging • Council funding of third-sector services

The Council has continued to improve in its priority areas and has sound financial management arrangements, but there are some weaknesses in its scrutiny arrangements

- 6 Based on, and limited to, the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the Council is likely to comply with the requirements of the Measure and secure improvement during 2016-17. The Auditor General has reached this conclusion because:
- a the Council has continued to make progress against its improvement priorities and complied with the Local Government Measure 2009;
 - b the Council's financial management arrangements are generally sound and it is well placed to tackle future challenges; and
 - c the Council's Ffordd Gwynedd vision is starting to change the Council's culture but there are weaknesses in scrutiny.

Recommendations

- 7 Given the wide range of services provided by the Council and the challenges it is facing, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
- a make proposals for improvement – if proposals are made to the Council, we would expect it to do something about them and we will follow up what happens;
 - b make formal recommendations for improvement – if a formal recommendation is made, the Council must prepare a response to that recommendation within 30 working days;
 - c conduct a special inspection and publish a report and make recommendations; and
 - d recommend to Ministers of the Welsh Government that they intervene in some way.
- 8 During the course of the year, the Auditor General did not make any formal recommendations. However, lower-priority issues, known as proposals for improvement, are contained in our other reports but may be referred to later on in this report. We will continue to monitor proposals for improvement during the course of our improvement assessment work. He does, however, make recommendations that may be relevant to the Council in his Local Government National Reports. A list of recommendations contained in reports issued in 2015-16 can be found in [Appendix 3](#).

- 9 In addition, the CSSIW, Estyn and the WLC included areas for improvement in their inspection reports and letters issued to the Council during the year. These are available at www.cssiw.org.uk, www.estyn.gov.uk and www.comisiynyddygyraeg.org.

Detailed report



Performance

The Council has continued to make progress against its improvement priorities

Estyn's evaluation of school performance

- 10 The proportion of pupils eligible for free school meals in Gwynedd is lower than the Wales average. This is taken into account when evaluating the performance in the authority.
- 11 Performance in the Foundation Phase indicator and the core subject indicator at key stage 2 has improved broadly in line with that of most other local authorities across Wales.
- 12 At key stage 3, performance in the core subject indicator¹ has improved at a similar rate to the Wales average. For this indicator, Gwynedd has been the highest performing authority in Wales for the last four years.
- 13 At key stage 4, pupils' performance in nearly all indicators shows a gradual trend of improvement over time. The performance in science and Welsh is particularly strong and compares favourably with levels in similar local authorities. At key stage 4, performance in the level 2 threshold including English or Welsh and mathematics has improved well in the last three years. However, in 2015, performance in this measure is just below the benchmark for performance set by the Welsh Government. Performance in the capped points score indicator has shown a gradual improvement over the last three years and in 2015 is above the benchmark for performance set by the Welsh Government.
- 14 In 2015, pupils eligible for free school meals have achieved better than similar pupils in Wales in nearly all xkey indicators at key stage 4.
- 15 Attendance in Gwynedd schools is amongst the highest in Wales. Whilst the trend in overall attendance has been more variable in primary schools, there has been a consistent improvement in secondary school attendance over the last five years.

The Council has made steady progress improving social services and preparing for coming changes

- 16 CSSIW published its Annual Review and Evaluation of Performance 2014/2015 in October 2015 and this is available on [its website](#). The following paragraphs summarise the CSSIW's evaluation of the Council.
- 17 The Council has made steady progress improving social services and preparing for coming changes. The council has a vision to support people in their communities in creative, flexible and cost effective ways and improve the experiences and choices for people with complex needs. The Council has begun to develop services along these lines and the principles of the Social Services and Wellbeing (Wales) Act (SSWB Act). The greater engagement and support of the health board is noticeable, as it previously hampered development.

¹ The **core subject indicator** refers to the percentage of pupils who attain the level expected of them in mathematics, science and either English or Welsh as a first language. This equates to level 4 or above at key stage 2 and level 5 or above at key stage 3.

- 18 The performance in some areas of social services has been incrementally improving year on year, and there are solid areas of practice and good outcomes, such as for looked after children. Change in service design has been slow in other areas, such as in services for people with learning disabilities and adult accommodation strategy.
- 19 The planned changes in social services will require changes in established practice and culture. The nature and scale of the changes faced by social services present significant risks that require a high level of leadership and support to be delivered in a timely manner. The new arrangements with a cabinet member for adults and health and a cabinet member for children and young people should provide a clearer line of sight on the new service developments, and engagement with the health board.
- 20 The council has strong performance in implementing the requirements of More Than Just Words² – the framework for the Welsh language.
- 21 As part of the Wales Audit Office Social Services Sustainability work across the six North Wales councils, we produced a document for the Council that presented:
- a future demand for social services in Gwynedd through benchmarking population projections for children and older people; and
 - b a suite of graphical analyses that combined financial and performance data for social services in Gwynedd over multiple years and which also placed the Council within the context of the other 21 Welsh councils.
- 22 There were no recommendations or conclusions from this work as we provided each Council with a data pack that displayed the information from a value-for-money perspective and facilitated a North Wales-wide workshop for Directors of Social Services and other key senior managers. We received positive feedback on the output and await to see how the Council uses this approach as part of its internal challenge processes.

The Council has complied with the Local Government Measure 2009

- 23 The Council has complied with the Local Government Measure 2009 and we issued compliance certificates for the Council's Strategic Plan and its Performance Report and in July 2015 and November 2015.
- 24 Public reporting of performance is generally fair and balanced. The Strategic Plan and the annual Performance Report are clearly laid out and present a clear picture of what the Council is aiming to achieve, the progress it is making and how its performance compares with the Welsh average. The Council could do more to compare its performance with neighbouring councils. The Council's short summary of its performance uses eye catching graphics effectively to convey key messages.

² **Mwy na geiriau/More than just words: A Strategic Framework for Promoting the Welsh Language in Health, Social Services and Social Care** was published in 2012 by the Welsh Government Deputy Minister for Social Services. The aim of the framework is to ensure that organisations recognise that language is an intrinsic part of care and that people who need services in Welsh get offered them.

The Council takes account of the recommendations of regulators but there is scope to use findings more systematically and consistently to better support improvement

- 25 Although the Council has regard to the findings and recommendations of external regulators, there is considerable variation in how these recommendations are acted upon across different services.
- 26 In general when national studies are identified the Council assesses whether a recommendation has a local impact and benefit. If so, reports are logged and responsibilities identified for taking the recommendations forward. However, not all reports are identified and as such it is possible that not all recommendations are assessed and logged in this way.
- 27 Those recommendations identified and acknowledged as having local benefit are inserted into departmental business plans where appropriate so that actions flow through existing mechanisms rather than being an 'add-on' to established processes. However, there is no formal way of monitoring the steps that services take to address recommendations or the impact these actions have.
- 28 The Council's Audit Committee receives reports from all regulators and also an indication from officers on whether recommendations have been taken forward or not. The Council acknowledges that there is a need to strengthen how evidence is presented to substantiate what action has been taken to enable Audit Committee Members to assess whether the intended outcome has been achieved or not.

The Council has made progress in promoting the use of the Welsh language within the county but could tell the public more about progress in its annual report

- 29 The Council, motivated by the drop in the proportion of the county's population using Welsh everyday reported in the National Census data, introduced an improvement objective to support and promote the use of the Welsh language. The improvement objective 'Promoting the use of the Welsh language' supports the Council's 'Stronger Communities' theme within its Strategic Plan 2013-17. During 2014-15, a number of projects were undertaken with the aims of increasing the use of the Welsh language by children and young people and sustaining the levels of usage within communities across Gwynedd.
- 30 With data only available from the National Census every 10 years the Council has taken constructive steps to develop specific and measurable aims by establishing baseline positions from which to measure its progress.
- 31 The Council acknowledges that some of the projects under this improvement objective are highly ambitious, particularly given the level of external engagement and commitment required to achieve them. The Council places high importance on enabling the use of the Welsh language to thrive within the county and has prided itself on the high level of Welsh speakers traditionally residing within its boundaries. As such the Council views these stretching targets as the right approach and the right commitment to make to its citizens in this area.

- 32 The Council has made great progress with its Gwynedd Primary Schools Welsh Language Charter Project with 97 per cent of primary schools (94 out of 97) succeeding in gaining the Language Charter Silver or Bronze award and increasing pupils' use of Welsh in the school playground. The project has been recognised as good practice and will be rolled out across Welsh-language schools in north Wales by the end of 2016 and across the rest of Wales by the end of 2017.
- 33 However, the Council acknowledges it has made less progress in other areas. Some slippage was due to unfortunate and unforeseen circumstances, such as a temporary reduction in the capacity of the small team responsible for a number of the projects. In another project the Council's Welsh in Education Strategic Project to increase the percentage of year 9 students assessed through the medium of Welsh was delayed, as the action plan from the Council's Scrutiny Investigation Report into Welsh Education was delayed, however, this is now in place and the project can move forward.
- 34 The progress of a number of projects depended on the engagement of and commitment from external partners and communities. In some cases the Council had difficulty making progress because of varied levels of commitment and delays that were outside of its control. For example it did not achieve its stated aim in the Welsh in the Public Service Project in part due to assumptions about the language situation of neighbouring organisations in Gwynedd. However, the Council is now better placed to make progress and has a better understanding of what it needs to do.
- 35 The Council's Annual Performance Report informs the public on the progress it has made against its improvement objectives. The report provides an accurate picture of its successful performance under this improvement objective but is less forthcoming in relation to the areas where less progress has been made. More detail would add to the picture and as such with additional detail it would be a fairer and more balanced picture of performance.

Use of resources

The Council's financial management arrangements are sound and it is well placed to tackle future challenges

- 36 On 26 November 2015, the Auditor General issued an Annual Audit Letter to the Council. The letter summarises the key messages arising from his statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor and his reporting responsibilities under the Code of Audit Practice. The Auditor General issued an unqualified opinion on the Council's accounting statements confirming that they present a true and fair view of the Council's and the Pension Fund's financial position and transactions. The Annual Audit Letter can be found in [Appendix 2](#) of this report.

The Council has an effective framework for financial planning

- 37 The Council has an effective and well-managed corporate framework for financial planning. It has a clear overall vision and aims, which it articulates through its Council Plan (2013-17). The Council's prime objective is 'putting the people of Gwynedd at the centre of everything we do'. It seeks to achieve this by focusing on 16 improvement objectives across seven priority areas; these objectives are clearly articulated in the plan. The Council has a robust mechanism in place for ensuring improvement objectives are integral to the service plans and budgets and financial plans are set in line with the delivery of these objectives. The Council regularly considers the balance between the delivery of objectives and the evolving financial challenges it faces.
- 38 The Council has established clear policies in respect of financial planning arrangements. It has set out responsibilities for budget setting, monitoring and reporting. The Council's MTFP is integrated within the 2015-16 budget report which was presented to the Council in March 2015. The section titled 'The medium term plan to address the financial gap 2015-16 to 2017-18' outlines the projected financial situation for the next three years. It includes the need to close the gap of £53 million of which around £34 million is projected additional savings broken down as follows:
- a efficiency plans already approved by Cabinet of £13.6 million;
 - b schools efficiency target of £4.3 million;
 - c further efficiencies of £6 million; and
 - d cuts of £9 million.
- 39 The Council reviews and revises the medium-term plan to respond to changing circumstances and it has stated that subsequent plans will estimate the position for four years (2016-17 to 2019-20). Extracting the MTFP from the main budget report could give the plan a higher profile, add clarity and focus and enable easier review.

- 40 The Council manages its risks associated with the budget and sets the medium-term direction in line with known facts and the Council makes sound assumptions. Financial and corporate planning processes are integrated and link to risk management arrangements and other wider strategies.
- 41 The Council has a good track record of identifying and delivering a programme of savings. Whilst there was a small shortfall in the delivery of the 2014-15 savings plan, the Council delivered its overall budget with a small underspend as its service underspends compensated for missing its savings target.

Overall the Council has effective financial controls and it has a robust framework in place for reviewing and challenging financial performance

- 42 Our audit of the accounts showed that the statement of accounts gave a true and fair reflection of the financial position of the Council and that they had been properly prepared, supporting our view that the Council's financial controls are effective.
- 43 The Council's leadership team has a good understanding of the significant and rapidly changing financial challenges and risks facing the Council. The Council has comprehensive reporting arrangements, both formal and informal processes, to review and challenge financial performance. Consideration of the Council's financial position is a key part of the role of Audit Committee, where challenge is robust and effective. The wider Member base has a full appreciation of the budget position gained through involvement in budget setting.
- 44 Public consultation and engagement on budget issues have been particularly strong this year. The public were presented with the full picture of the Council's finances and were asked the difficult question about where savings should be made. Over 2,100 people responded to the consultation, mainly online through the Council's website.
- 45 The Council has strong financial leadership at officer level although, while capacity within the finance service remains adequate, it might be a challenge to maintain at the right level in the longer term.

Vision and Governance

The Council's Ffordd Gwynedd vision is starting to change the Council's culture but there are weaknesses in scrutiny

The Council's Ffordd Gwynedd vision is starting to change the organisation's culture and putting the people of Gwynedd at the centre of everything the Council does

- 46 The Council's Ffordd Gwynedd programme is about putting the people of Gwynedd at the centre of everything the Council does. It is both a business transformation programme and a cultural/behavioural change programme. The Council, in order to maximise the value created for the people of the county, is considering everything it does through the eyes of its citizens rather than through the eyes of its staff. It is clear that Ffordd Gwynedd is not about satisfying everyone's wishes but about creating a culture which puts people central to what it does and establishing the right conditions and eliminating barriers to allow this to happen.
- 47 To support the delivery of this approach the Council has established a number of principles, these are:
- a **leadership** that highlights the importance of the programme and maintains the vision;
 - b **managers** who are in work empowering and equipping staff to meet the needs of customers and getting rid of barriers;
 - c **staff** who are empowered to work flexibly to address customer needs and go after opportunities to eliminate demand for services;
 - d suitable **engagement** arrangements to ensure that we do the right things in terms of what matters to the people of Gwynedd and prioritising our resources;
 - e a **performance framework** that measures whether the Council meets the needs and offers value for money;
 - f **governance** arrangements that base decisions on the basis of firm evidence;
 - g **service provision** arrangements that create value for the customer;
 - h **policies** that promote supporting meeting customer needs rather than creating obstacles; and
 - i **employment** arrangements that equip staff and reinforce behaviours to place the people of Gwynedd central to everything the Council does.

- 48 The Council has established a number of projects to support the delivery of Ffordd Gwynedd, these include manager and staff training and selected consultancy to help drive out waste processes in specific service areas.
- 49 The Council's Learning and Development group are responsible for integrating Ffordd Gwynedd into the training courses provided for officers. The Ffordd Gwynedd vision is relatively easy to communicate and easy to identify with, providing managers with a good focus to move forward with. All managers have received this training. However it is more difficult to embed and to cascade to officers in those operational services that tend to be difficult to reach. Many, such as staff in care homes feel that they already put the citizen at the centre and find it difficult to focus on the full range of Ffordd Gwynedd principles. The Council is aware of the challenges ahead and is working hard to address these.
- 50 The Council has used the systems thinking³ method to start changing its delivery model from the traditional command and control design. This eliminates process steps that do not add value and challenges the rules in which they operate. The Council has five systems projects running in various different parts of the business. Examples include the property and planning functions where there has been good buy in from staff. The systems approach has built on the departments coaching culture and there has been a positive change in the mind set of staff reinforced by good practical outcomes. These good examples can now be shared with other sections of the department and the wider Council helping further support the value of Ffordd Gwynedd and provide it with a momentum for further change.
- 51 The Council also applied the systems approach to one of its central support units. This unit has a role to play in a number of processes, but does not control the complete processes, for example, it receives recruitment applications and checks staff travel claims but does not complete the whole process for either. Whilst the systems approach has brought benefit the Council has realised that looking at a units activity rather than end-to-end functions is not the best approach. In addition measures have been difficult to set as it is difficult to impact the whole process. However, the Council is now using an IT solution that enables the various players in a process to communicate and keep track of project progress. This looked at a high level to be a very valuable tool.
- 52 Of the Council's systems projects the Alltwen Hospital has the highest profile, where social workers are co-located with health staff and deliver an integrated service to citizens. The concept aims to bring together social workers, the hospital health team and district nurses in the area (Dwyfor). Alltwen is about integration and shared analysis of service user need using a 'what matters' conversation with the service user and a 'fish bowl' meeting with professionals from both organisations following this to determine the best services to meet the service users' desired outcomes.

3 The Vanguard systems thinking method helps service organisations change from a conventional 'command-and-control' design to a systems design.

- 53 This project is easily the most complex the Council has undertaken. It currently faces a number of barriers. These include the differences between the way in which health and social services operate (for example, health run 12-hour shifts over a seven-day period including at night, social care staff in general work day time weekdays) and the delay to the relocation of district nursing staff. Whilst ensuring it safeguards vulnerable adults in the area the Council needs to consider the next steps for this particular project, how best it can build on recent positive meetings with the Health Board, and how it can capture the learning and implement this in other locations.

Although the Council has recently implemented some improvements to the scrutiny process, it remains ineffective in a number of key areas

There is a lack of a shared understanding and recognition of the purpose, value and responsibilities of scrutiny

- 54 There is widespread confusion and scepticism amongst officers and members regarding both the role and value of scrutiny within the Council – much of which is founded in the changes to the number and responsibilities of scrutiny committees introduced in 2012. Although the changes were well planned and implemented, they have not, overall, generated the expected improvements to the scrutiny process.
- 55 The resultant lack of confidence has created barriers to the effectiveness of some key areas of scrutiny and, therefore, the capability of scrutiny to support improvement in the Council's decision-making and the quality of its services. There is a feeling amongst Members that the work of scrutiny being 'side-lined' and isolated from many important areas including policy development and the challenge and monitoring of service performance.
- 56 Attempts have also been made to improve the frequency of contact between senior officers, Cabinet members and scrutiny. Despite the potential, these meetings have to facilitate more proactive scrutiny, they are not held regularly and are often cancelled at short notice.

There are a number of weaknesses in scrutiny arrangements

- 57 Scrutiny committees use sound criteria for choosing and prioritising items for their forward work programmes, but it is not applied consistently and there is a lack of consideration of available resources. Meetings are not held frequently enough to enable members to give adequate consideration to important agenda items and the contribution of pre-meetings to the effectiveness of the scrutiny process is variable.

- 58 Despite recent attempts to encourage Cabinet members to improve engagement with scrutiny, there remains a separation and a lack of co-ordination between the agendas and work of Cabinet and the scrutiny committees. A lack of detail in the Cabinet forward work programme makes it difficult for scrutiny committees to identify, in advance, areas on which to focus. In addition, as Cabinet meetings are held far more frequently than those of scrutiny committees, there are only limited opportunities for scrutiny to provide input and challenge to many areas of Cabinet business.
- 59 Reports by regulatory bodies are not consistently included in the forward work programmes of the Council's scrutiny committees. Current practice is that the scrutiny support officers refer some of the reports from Estyn, CSSIW, and the Wales Audit Office, to the appropriate committee for inclusion in their programmes. There is also generally a lack of enthusiasm for, and appreciation of, the value regulators' reports can add to scrutiny.
- 60 The majority of papers presented to scrutiny committees are of a reasonable quality. However, some of the information provided contains complex statistical material and makes assumptions about the level of knowledge of members in a particular service area. Some of the papers also use acronyms without any accompanying explanation.
- 61 Some aspects of scrutiny meetings, such as the contributions of officers and Cabinet members, work well. However, a number of other areas are less effective. Weaker areas include a lack of focus in questioning and probing when holding Cabinet Members to account and insufficient understanding of key issues during the formulation of recommendations intended to produce achievable and measurable improvements.
- 62 Scrutiny investigations are generally well-formulated and robust but their broad scope and a lack of resources often result in a loss of momentum, delays to final reports and problematic public engagement.

There is insufficient awareness of the impact of scrutiny which risks undermining its intended purpose of contributing to improvements in the services the Council provides for the people of Gwynedd

- 63 The Council undertakes little, if any, analysis and assessment of the impact of scrutiny on, for example, the decisions of Cabinet and the impact of the work of scrutiny committees on improving services. Without a formal evaluation and reporting process, the Council is unable to demonstrate that it is achieving the 'better decisions' and 'better services' improvement objectives in the Scrutiny Strategy.

- 64 Cabinet's reported acceptance of all scrutiny recommendations can be misleading and contributes to the uncertainty about scrutiny's impact on decisions and service improvements. However, although the Cabinet accepts all the recommendations from scrutiny, it only implements some. Although there is no obligation on the Cabinet to accept all scrutiny recommendations, some Members are frustrated that they receive no feedback to explain why their recommendations are not implemented. Cabinet Members have recently agreed to re-examine their approach to responding to scrutiny recommendations.
- 65 Scrutiny forward programmes regularly include updates on the progress of the implementation of recommendations made following scrutiny investigations.

The Council's role in the maintenance of the trunk road network across North and Mid Wales is not sufficiently transparent and relevant information is not easily available to the public

- 66 We wrote to the Council in November 2015 in response to the concerns of a Gwynedd resident. In considering the correspondent's concerns, we found that aspects of the governance arrangements relating to the repairs and maintenance of the trunk road network in Gwynedd are unclear to the public. This conclusion is consistent with a recommendation to the Welsh Government made by the Public Accounts Committee of the National Assembly for Wales in June 2015, that, '... accountability for the planning and delivery of minor improvement schemes via Trunk Road Agents and their local authority and other organisational partners be clarified and publicised so that it can be clearly understood by members of the public'.
- 67 The Council is the Agent accountable to the Welsh Government for the operation of the North and Mid Wales Trunk Road Agency (NMWTRA). The Council is also the lead authority within the partnership of eight councils within North and Mid Wales and which, between them, deliver or procure the work on the region's trunk roads. An Agency Agreement underpins the Council's role as Agent, while a Partnership Agreement between the eight councils sets out how they will deliver the Agency Agreement together. A Joint Committee consisting of councillors from each authority meets periodically, as set out in the Partnership Agreement, but the proceedings and minutes of the Joint Committee are not publicised.

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 staff of 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 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. The Auditor General will summarise his audit and assessment work in a published annual improvement report for each authority (under section 24).

The Auditor General may also, in some circumstances, carry out special inspections (under section 21), which will be reported to the authority and Ministers, and which he may publish (under section 22). An important ancillary activity for the Auditor General 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 may also take account of information shared by relevant regulators (under section 33) in his assessments.

Appendix 2 – Annual Audit Letter

Dilwyn Williams
Cllr Dyfed Wyn Edwards
Gwynedd Council
Shirehall Street
Caernarfon
LL55 1SH

Dear Dyfed and Dilwyn

Annual Audit Letter – Gwynedd Council 2014-15

This letter summarises the key messages arising from the Auditor General for Wales' statutory responsibilities under the Public Audit (Wales) Act 2004 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 30 September 2015, I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's and the Pension Fund's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit (for both the Council and the Pension Fund) were reported to members of the Audit Committee in my Audit of Financial Statements reports on 24 September 2015. I do not need to bring anything to your attention in this letter.

It is also worth noting that the Council lead on the preparation of the accounts of the GwE Joint Committee and also prepared Annual Returns for the Gwynedd Harbours, the Special Educational Needs Joint Committee (SEN) and the Joint Planning Policy Joint Committee (JPP). On 30 September 2015:

- I issued an unqualified opinion on GwE's accounts confirming that they present a true and fair view of the Committee's financial position and transactions.
- I confirmed that the information contained in the annual returns for Gwynedd Harbours and the SEN and JPP Joint Committees was in accordance with proper practices.

The key matters arising from these audits were reported to the relevant committees where appropriate. Again, I do not need to bring anything to your attention in this letter.

I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources

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. My Annual Improvement Report will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made.

I have not yet issued a certificate confirming that the audit of the accounts has been completed

I have not yet issued a certificate concluding the audit as there was a matter outstanding relating to an objection raised by an elector. However, I have concluded my work on this matter and responded to the elector stating that I do not propose any further formal audit action.

As there have been no changes to the accounts since I issued my opinion on 30 September 2015, I intend to issue a certificate confirming that the audit of the accounts has been completed, once the Audit Committee has considered my final report and re-approves the accounts. I anticipate that this will take place in early December 2015.

My work to date on certification of grant claims and returns has not identified significant issues that would impact on the 2015-16 accounts or key financial systems

My programme of audit work on the 2014-15 grant claims is currently underway. To date I have not identified any issues that would impact on the 2015-16 accounts or key financial systems.

The financial audit fee for 2014-15 is currently expected to be in line with the agreed fee set out in the 2015 Audit Plan.

Yours sincerely

Derwyn Owen

For and on behalf of the Auditor General for Wales

Appendix 3 – National report recommendations 2015-16

Date of report	Title of review	Recommendation
April 2015	<p>The Financial resilience of Councils in Wales</p>	<p>R1 Councils should ensure that their corporate plan:</p> <ul style="list-style-type: none"> • is the core driver for the service plans and other supporting strategies including workforce, information technology and capital expenditure; • maintains at least a three to five year forward view and is aligned with the medium term financial plan and other supporting strategies; and • should clearly articulate the desired role of the council in five years - the model for delivering priority services and the infrastructure and resources needed to deliver future priorities within available finances. <p>R2 The medium term financial plan should identify the major financial risks and key assumptions and senior officers and councillors should subject them to effective scrutiny and challenge before adopting the plan.</p> <p>R3 Councils need to ensure that funding deficits are accurately projected and fully reconciled to detailed savings plans for each year over the life of the medium term financial plan.</p> <p>R4 Councils should review the adequacy of the financial assurance arrangements that underpin the delivery of annual savings plans, including the level of scrutiny and challenge provided by councillors.</p> <p>R5 Councils should ensure that they have a comprehensive reserves strategy that outlines the specific purpose of accumulated useable reserves as part of their Medium term Financial Plan.</p> <p>R6 Councils should develop corporate wide policies on income generation with a view to increasing revenue streams and relieving financial pressures.</p> <p>R7 Councils should:</p> <ul style="list-style-type: none"> • strengthen budget setting and monitoring arrangements to ensure financial resilience; and • review the coverage and effectiveness of their internal and external assurance financial systems and controls to ensure they are fit for purpose and provide early warning of weaknesses in key systems.

Date of report	Title of review	Recommendation
April 2015	<p>The Financial resilience of Councils in Wales</p>	<p>R8 Councils must review their finance teams and ensure that they have sufficient capacity and capability to meet future demands.</p> <p>R9 Council officers need to equip councillors with the knowledge and skills they need to deliver effective governance and challenge by extending training opportunities and producing high quality management information.</p>
June 2015	<p>Achieving improvement in support to schools through regional education consortia – an early view.</p>	<p>R1 To clarify the nature and operation of consortia. We found there to be continuing uncertainty about some aspects of the nature of regional consortia and their present and future scope (paragraphs 2.2 to 2.20). We therefore recommend:</p> <ul style="list-style-type: none"> • Local authorities should clarify whether consortia services are jointly provided or are commissioned services (services provided under joint-committee arrangements are jointly provided services and are not commissioned services). <p>R2 To focus on outcomes through medium-term planning. We found that the development of effective regional consortia was hindered by a focus on short-term actions and uncertainty about the future of consortia (paragraphs 2.33 to 2.36; 3.16 to 3.17). We therefore recommend:</p> <ul style="list-style-type: none"> • As any possible local authority re-organisation will not be fully implemented until 2020, the Welsh Government and regional consortia should develop three-year plans for the further development, scope, and funding of regional consortia linked to appropriate strategic objectives.

Date of report	Title of review	Recommendation
June 2015	<p>Achieving improvement in support to schools through regional education consortia – an early view.</p>	<p>R3 To develop more collaborative relationships for the school improvement system. The development of the National Model for Regional Working involved many school improvement partners but we found that this had not led to the development of sufficiently collaborative relationships (paragraphs 2.25 to 2.32). We therefore recommend:</p> <ul style="list-style-type: none"> • Regional consortia should develop improved arrangements for sharing practice and supporting efficiency (for example, one consortium could take the lead on tackling an issue or have functional responsibility for the development of a policy). • The Welsh Government, local authorities and regional consortia should recognise the interdependency of all partners fulfilling their school improvement roles and agree an approach to: <ul style="list-style-type: none"> – information sharing and consultation about developments related to school improvement; – developing collaborative relationships of shared accountability; and – undertaking system wide reviews, and an alignment of the understanding and position of regional consortia across all Welsh Government relevant strategies. <p>R4 To build effective leadership and attract top talent. Regional consortia, local authorities and the Welsh Government have all found difficulties in recruiting to senior leadership for education and we found there had been limited action to address this (paragraphs 2.37 to 2.40). We therefore recommend:</p> <ul style="list-style-type: none"> • the Welsh Government and local authorities should collaborate to improve the attractiveness of education leadership roles to attract the most talented leaders for the school improvement system; and • local authorities should collaborate to support the professional development of senior leaders and to ensure appropriate performance management arrangements are in place for senior leaders.

Date of report	Title of review	Recommendation
June 2015	Achieving improvement in support to schools through regional education consortia – an early view.	<p>R5 To improve the effectiveness of governance and management of regional consortia. Whilst continuing progress is being made, we found that regional consortia have not yet developed fully effective governance and financial management arrangements (paragraphs 3.2 to 3.36). We therefore recommend that local authorities and their regional consortia should:</p> <ul style="list-style-type: none"> • improve their use of self-evaluation of their performance and governance arrangements and use this to support business planning and their annual reviews of governance to inform their annual governance statements; • improve performance management including better business planning, use of clear and measurable performance measures, and the assessment of value for money; • make strategic risk management an integral part of their management arrangements and report regularly at joint committee or board level; • develop their financial management arrangements to ensure that budgeting, financial monitoring and reporting cover all relevant income and expenditure, including grants funding spent through local authorities; • develop joint scrutiny arrangements of the overall consortia as well as scrutiny of performance by individual authorities, which may involve establishment of a joint scrutiny committee or co-ordinated work by local authority scrutiny committees; • ensure the openness and transparency of consortia decision making and arrangements; • recognise and address any potential conflicts of interest; and where staff have more than one employer, regional consortia should ensure lines of accountability are clear and all staff are aware of the roles undertaken; and • develop robust communications strategies for engagement with all key stakeholders.

Date of report	Title of review	Recommendation
July 2015	<p>Review of Corporate Safeguarding Arrangements in Welsh Councils</p>	<p>R1 Improve corporate leadership and comply with Welsh Government policy on safeguarding through:</p> <ul style="list-style-type: none"> • the appointment of a senior lead officer who is accountable for safeguarding and protecting children and young people with corporate responsibilities for planning improvements; • the appointment of a lead member for safeguarding; and • regularly disseminating and updating information on these appointments to all staff and stakeholders. <p>R2 Ensure there is a corporate-wide policy on safeguarding covering all Council services to provide a clear strategic direction and clear lines of accountability across the Council.</p> <p>R3 Strengthen safe recruitment of staff and volunteers by:</p> <ul style="list-style-type: none"> • ensuring that Disclosure and Barring Service (DBS) checks and compliance with safe recruitment policies cover all services that come into contact with children; • creating an integrated corporate compliance system to record and monitor compliance levels on DBS checks; and • requiring safe recruitment practices amongst partners in the third sector and for volunteers who provide services commissioned and/or used by the Council which are underpinned by a contract or service level agreement. <p>R4 Ensure all relevant staff, members and partners understand their safeguarding responsibilities by:</p> <ul style="list-style-type: none"> • ensuring safeguarding training is mandated and coverage extended to all relevant Council service areas, and is included as standard on induction programmes; • creating a corporate-wide system to identify, track and monitor compliance on attending safeguarding training in all Council departments, elected members, schools, governors and volunteers; and • requiring relevant staff in partner organisations who are commissioned to work for the Council in delivering services to children and young people to undertake safeguarding training.

Date of report	Title of review	Recommendation
July 2015	<p>Review of Corporate Safeguarding Arrangements in Welsh Councils</p>	<p>R5 In revising guidance, the Welsh Government should clarify its expectations of local authorities regarding the roles and responsibilities of the designated officer within education services, and the named person at senior management level responsible for promoting the safeguarding.</p> <p>R6 Improve accountability for corporate safeguarding by regularly reporting safeguarding issues and assurances to scrutiny committee(s) against a balanced and Council-wide set of performance information covering:</p> <ul style="list-style-type: none"> • benchmarking and comparisons with others; • conclusions of internal and external audit/ inspection reviews; • service-based performance data; • key personnel data such as safeguarding training, and DBS recruitment checks; and • the performance of contractors and commissioned services on compliance with Council safeguarding responsibilities. <p>R7 Establish a rolling programme of internal audit reviews to undertake systems testing and compliance reviews on the Council's safeguarding practices.</p> <p>R8 Ensure the risks associated with safeguarding are considered at both a corporate and service level in developing and agreeing risk management plans across the Council.</p>

Date of report	Title of review	Recommendation
October 2015	<p>Supporting the Independence of Older People: Are Councils Doing Enough?</p>	<p>R1 Improve governance, accountability and corporate leadership on older people's issues through:</p> <ul style="list-style-type: none"> • the appointment of a senior lead officer who is accountable for coordinating and leading the Council's work on older people's services; • realigning the work of the older people's strategy coordinators to support development and delivery of plans for services that contribute to the independence of older people; • the appointment of a member champion for older people's services; and • regularly disseminating and updating information on these appointments to all staff and stakeholders. <p>R2 Improve strategic planning and better coordinate activity for services to older people by:</p> <ul style="list-style-type: none"> • ensuring comprehensive action plans are in place that cover the work of all relevant council departments and the work of external stakeholders outside of health and social care; and • engaging with residents and partners in the development of plans, and in developing and agreeing priorities. <p>R3 Improve engagement with, and dissemination of, information to older people by ensuring advice and information services are appropriately configured and meet the needs of the recipients.</p> <p>R4 Ensure effective management of performance for the range of services that support older people to live independently by:</p> <ul style="list-style-type: none"> • setting appropriate measures to enable Members, officers and the public to judge progress in delivering actions for all council services; • ensuring performance information covers the work of all relevant agencies and especially those outside of health and social services; and • establishing measures to judge inputs, outputs and impact to be able to understand the effect of budget cuts and support oversight and scrutiny.

Date of report	Title of review	Recommendation
October 2015	<p>Supporting the Independence of Older People: Are Councils Doing Enough?</p>	<p>R5 Ensure compliance with the Public Sector Equality Duty when undertaking equality impact assessments by:</p> <ul style="list-style-type: none"> • setting out how changes to services or cuts in budgets will affect groups with protected characteristics; • quantifying the potential impact and the mitigation actions that will be delivered to reduce the potentially negative effect on groups with protected characteristics; • indicating the potential numbers who would be affected by the proposed changes or new policy by identifying the impact on those with protected characteristics; and • ensuring supporting activity such as surveys, focus groups and information campaigns includes sufficient information to enable service users to clearly understand the impact of proposed changes on them. <p>R6 Improve the management and impact of the Intermediate Care Fund by:</p> <ul style="list-style-type: none"> • setting a performance baseline at the start of projects to be able to judge the impact of these overtime; • agreeing the format and coverage of monitoring reports to enable funded projects to be evaluated on a like-for-like basis against the criteria for the fund, to judge which are having the greatest positive impact and how many schemes have been mainstreamed into core funding; and • improving engagement with the full range of partners to ensure as wide a range of partners are encouraged to participate in future initiatives and programmes.

Date of report	Title of review	Recommendation
December 2015	Delivering with less - leisure services	<p>R1 Improve strategic planning in leisure services by:</p> <ul style="list-style-type: none"> • setting an agreed council vision for leisure services; • agreeing priorities for leisure services; • focusing on the Council's position within the wider community sport and leisure provision within the area; and • considering the potential to deliver services on a regional basis. <p>R2 Undertake an options appraisal to identify the most appropriate delivery model based on the Council's agreed vision and priorities for leisure services which considers:</p> <ul style="list-style-type: none"> • the availability of capital and revenue financing in the next three-to-five years; • options to improve the commercial focus of leisure services; • opportunities to improve income generation and reduce council 'subsidy'; • a cost-benefit analysis of all the options available to deliver leisure services in the future; • the contribution of leisure services to the Council's wider public health role; • better engagement with the public to ensure the views and needs of users and potential users are clearly identified; • the impact of different options on groups with protected characteristics under the public sector equality duty; and • the sustainability of service provision in the future.

Date of report	Title of review	Recommendation
December 2015	Delivering with less - leisure services	<p>R3 Ensure effective management of performance of leisure services by establishing a suite of measures to allow officers, Members and citizens to judge inputs, outputs and impact. This should cover council-wide and facility specific performance and include:</p> <ul style="list-style-type: none"> • capital and revenue expenditure; • income; • council 'subsidy'; • quality of facilities and the service provided; • customer satisfaction; • success of 'new commercial' initiatives; • usage data – numbers using services/facilities, time of usage, etc; and • impact of leisure in addressing public health priorities. <p>R4 Improve governance, accountability and corporate leadership on leisure services by:</p> <ul style="list-style-type: none"> • regularly reporting performance to scrutiny committee(s); • providing elected Members with comprehensive information to facilitate robust decision-making; • benchmarking and comparing performance with others; and • using the findings of internal and external audit/inspection reviews to identify opportunities to improve services.

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